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# COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE AND STOCK PRICES BEFORE AND AFTER ACQUISITION

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*ABSTRACT*

*The purpose of this study to examine the differences in financial performance and stock prices before and after acquisitions in non-banking companies listed on the Indonesian Stock Exchange (IDX) from 2018 to 2024. The research population consists of companies that made acquisitions in 2021, with 7 companies chosen as a sample through purposive sampling. Financial performance was assessed using the CR, ROA, DAR, DER, and TATO ratios, while stock price were observed from the closing price recorded at the end of the period. Data were processed through the Wilcoxon Signed Rank Test with the assistance of SPSS 25 software. The results showed that the companies financial performance differed significanly between pre-acquisition and post-acquisition periods, while the stock price revealed no significant variation across the two periods.*

***Keywords:*** *Acquisition; Financial Performance; Stock Price*

**ABSTRAK**

Penelitian ini dilakukan dengan tujuan untuk melihat perbedaan kinerja keuangan dan harga saham sebelum dan sesudah akuisisi pada perusahaan non perbankan yang tercatat di BEI tahun 2018–2024. Populasinya yaitu perusahaan yang terlibat dalam akuisisi pada tahun 2021, dengan 7 perusahaan terpilih sebagai sampel menggunakan metode *purposive sampling*. Kinerja keuangan dinilai menggunakan rasio CR, ROA, DAR, DER, dan TATO, sedangkan harga saham dilihat dari *closing price* di akhir periode. Data diuji melalui uji *Wilcoxon Signed Rank Test* dengan memanfaatkan program SPSS 25. Hasilnya, ditemukan bahwa kinerja keuangan perusahaan mengalami perbedaan secara signifikan pada periode sebelum akuisisi serta sesudah akuisisi, sementara harga saham tidak mengalami adanya perbedaan yang signifikan antara kedua periode tersebut.

**Kata kunci:** Akuisisi; Harga Saham; Kinerja Keuangan

| Tanggal Masuk | Tanggal Revisi | Tanggal Diterima |
|---|---|---|
| 19 Agustus 2025 | 17 September 2025 | 09 Oktober 2025 |

## INTRODUCTION

Current economic developments have increased business competition, requiring companies to survive and thrive amid numerous new business competitors. To achieve this, companies must develop strategies to grow and maintain their existence. One such strategy is expansion, which involves internal and external expansion. When internal expansion occurs, companies must build new businesses and take initial steps such as market research, market analysis, and so on, while external expansion can be done by merging companies. In this context, a company merger can be interpreted as an acquisition.

Acquisition is the process of taking over a company by another company while maintaining its identity. This can be achieved by acquiring the company's assets or obtaining more than 51% of its shares (Saputri & Nugroho, 2022). Acquisitions enable companies to reach their goals without having to develop new businesses. However, the acquisition does not always yield positive results. On the other hand, acquisitions can have an impact on improving financial performance.

Financial performance is determined by all activities that occur within the company. This includes the health of the company's financial position, profitability, liquidity, solvency, and other factors. The success of an acquisition is measured by the improvement in the company's financial performance. A good financial performance increases the probability of dividend payments or share price increases, which can ultimately attract investors and increase stock prices (Luayyi et al., 2022).

The stock price, which is the price of equity securities determined by the supply and demand mechanism in the market, reflects the real value of a share at that time and is influenced by both internal financial factors and external market conditions such as the economy and investor expectations (Erawati et al., 2022). Studies from international research show that the relationship between financial performance and stock prices is quite strong. (Alduais, 2020) found that in China's A-share market, companies with higher profitability and earnings growth tend to have higher stock returns. (Wang, 2024) also found that financial ratios, especially profitability and liquidity, play an important role in determining stock prices across different industries. However, Indonesian studies by (Luayyi et al., 2022) and (Erawati et al., 2022) showed that even though company performance improved after acquisitions, stock prices did not increase significantly right away.

This difference shows that the relationship between financial performance and stock prices is theoretically strong, but the speed and significance depend on market efficiency, investor behavior, and information transparency. In emerging markets such as Indonesia, this effect tends to emerge gradually after acquisition synergies and improved financial performance are realized. Therefore, understanding the relationship between financial performance and stock prices is important for assessing how acquisitions can affect a company's market value. By comparing financial performance and stock prices before and after acquisitions, this study aims to determine whether acquisitions actually result in improved financial performance and stock prices for companies.

Previous research on financial performance comparisons by (Saputri & Nugroho, 2022) found a significant difference in CR in the period before and after the acquisition. Another study comparing stock prices in the period before and after mergers and acquisitions by (Fatoni, 2022) found no significant difference between stock prices before and after mergers and acquisitions, because the impact of the mergers is not reflected in the short term. For this reasons, this study combines both variables with different objects and a longer o period, between three years before and three years after the acquisition.

## LITERATUR REVIEW

### Financial Performance

Financial performance is derived from an analysis of a company's assets over a specific period of time. Financial performance indicates management's effectiveness in utilizing corporate assets over a given period and functions as a benchmark for evaluating the company's success in achieving its financial outcomes (Kharisma & Triyonowati, 2021).

### Financial Ratios

A company's financial performance can be assessed through financial ratio analysis as one of the methods. The financial ratio analysis method is carried out by comparing financial statement data, which consists of dividing one number by another, allowing for a detailed assessment of the financial health and condition of the company during a certain period (Kasmir, 2020:90). Financial ratios can be calculated using several types of financial ratios, namely:

1. Liquidity Ratio
   The liquidity ratio is a financial indicator that assesses a company's ability to pay their liabilities using current assets (Andini, 2020). In this study, the Current Ratio (CR) is used as a measure of liquidity ratio.
2. Profitability Ratio
   The profitability ratio is an indicator that assesses a company's ability to generate profits from various sources, such as assets, capital, and sales, and measures the company's performance in generating profits within a certain period of time. In this study, the profitability indicator used is Return on Assets (ROA).
3. Solvency Ratio
   The solvency ratio is also known as the leverage ratio, which is an indicator that measures the level of financing of a company's assets through debt (Kasmir, 2020). In this study, the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) are used to measure the solvency ratio.
4. Activity Ratio
   Activity ratios are financial ratios used to assess how effectively a company utilizes available assets to carry out the company's operational activities, such as sales, inventory, accounts receivable, etc. (Kasmir, 2020:113). In this study, Total Asset Turn Over (TATO) is used as the activity ratio.

**Stock Price**

The stock price is the price of equity securities determined by the supply and demand mechanism in the market, reflecting the real value of a stock at that time (Erawati et al., 2022).This price is influenced by the actions of market participants and can change based on market conditions, where excess demand will increase the price, while excess supply will decrease it.

**Factors Affecting Stock Prices**

1. Internal Factors
   Internal factors refer to factors inherent to the company and within management's control, such as net income or financial performance, devidend policy, and corporate governance.
2. External Factors
   External factors refer to dominant factors beyond management's control, such as economic conditions, government policy and regulations. Although not under management's control, these factors still have an impact on stock prices (Roza et al., 2024).

**Stock Price Classification**

1. Nominal Price
   The nominal price represents the amount recorded in the company's share capital and is stated on the shares.
2. Initial Price
   The initial price is the initial cost set by the company when issuing shares on the IDX and is partly determined by the buyer.
3. Market Price
   The market price is the type of price most familiar to investors. This price is set during stock trading and can fluctuate according to the supply and demand of shares listed on the exchange. Increased buying can cause stock prices to rise, but if sales are higher than purchases, prices may fall.
4. Opening Price
   The opening price is the rate applied at the start of trading on a specific date.
5. Closing Price
   The closing price is the price determined at the close of trading hours on the stock market.
6. Highest Price
   The highest price includes the highest recorded rate during trading on that day.
7. Lowest Price
   The lowest price is the recorded rate that has experienced the most significant decline on that trading day.
8. Average Price
   The average price is the average value of the maximum and minimum prices (Widoatmojo dalam Nober & Puspitasari, 2020).

**Acquisition**

According to Moin in (Yani et al., 2024), acquisition is the process of taking over a company by another company through the purchase of assets or more than 51% of

shares, with both companies remaining as separate legal entities. The main objectives include increasing market share, diversifying products, and achieving strategic synergies.

**Pros and Cons of Acquisition**

Companies tend to choose acquisition because it is considered to have advantages in increasing competitiveness and ensuring long-term expansion. Some other advantages of acquisitions include:

1. Easier access to capital or financing, as established businesses gain greater trust from lenders.
2. Obtaining cash flow quickly, given that the products and markets are already well defined.
3. Acquiring an existing customer base without having to build everything from scratch.
4. Implementing functional operating and administrative systems.
5. Avoiding the risk of bankruptcy.
6. Gaining infrastructure to drive accelerated growth (Moin in Priadi et al., 2024).

Acquisitions not only bring profits, but can also cause losses for companies that do not manage the process well. These losses include:

1. Integration is difficult.
2. It is not easy to determine the exact value of the target company.
3. High consulting costs.
4. Increasingly complex and difficult systems.
5. Often has a negative impact on company morale.
6. No guarantee that the company's value will increase.
7. No guarantee of growth in shareholder wealth (Moin in Yani et al., 2024).

**Motives for Acquisition**

The motives for acquisition are:

1. Economic Motives
   The future goal of economic motives in conducting acquisitions is to create value for investors and companies. One of the economic motives is strategic motive, in which the acquisition aims to consolidate the company's position by utilizing industrial competitiveness.
2. Synergy Motives
   The synergy motive in acquisitions refers to an increase in the total value of the company after the acquisition, which exceeds the total value of each company before the acquisition.
3. Diversification Motives
   The diversification motive in acquisitions aims to expand the company's reach and strengthen its competitiveness. Diversification can also offer benefits such as technology transfer and more efficient funding allocation, but it needs to be done carefully to align with the company's strategic objectives (Putri et al., 2024).

4. Non-Economic Motives
   Sometimes acquisitions occur not only for economic reasons, but also for non-economic reasons outside the company. These motives may come from managers or company owners.

**Hypothesis**

Based on the previous theoretical discussion, the following are the research hypotheses:

$H_1$ : There is a significant difference between the financial performance of companies before and after acquisition.
$H_2$ : There is a significant difference in stock prices before and after the acquisition.

## RESEARCH METHOD

This study uses a comparative quantitative method, concentrating on non-banking companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2024 period. The exclusion of banking firms was intended to ensure data comparability, as the banking sector operates under distinct financial structures, regulatory frameworks, and reporting standards. By focusing on non-banking companies, the dataset becomes more homogeneous, allowing for a more valid and objective assessment of financial performance and stock prices before and after acquisitions. Subsequently, the study population consists of all non-banking firms listed on the IDX during the research period, while the sample was selected using a purposive sampling techniques, considering criteria in line with the research objectives. These criteria include:

1. Non-banking public companies listed on the IDX for the period 2018-2024.
2. Companies listed on the KPPU or in company annual reports because they had made acquisitions in 2021.
3. Companies that presented financial reports within a three-year period before the acquisition and three years after it.
4. Only conducted one acquisition within the research period, namely the 2021-2024 period.

Based on the above criteria, seven companies were obtained as samples in this study. Data analysis was conducted using descriptive analysis, normality tests, and difference tests. If the data distribution results were normal, hypothesis testing used the Paired Sample T-test, while if the data distribution was abnormal, the hypothesis was tested using the Wilcoxon Signed Rank Test with SPSS 25 software.

**Operational Definition of Variables**

1. Financial Performance
2. Financial performance is derived from an analysis of a company's assets over a specific period of time (Kharisma & Triyonowati, 2021). Financial performance in this study is assessed using:
   a. Current Ratio (CR) = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
   b. Return on Assets (ROA) = $\frac{\text{Net Income After Tax}}{\text{Total Assets}}$
   c. Debt to Asset Ratio (DAR) = $\frac{\text{Total Debt}}{\text{Total Assets}}$

d. Debt to Equity Ratio (DER) = $\frac{\text{Total Debt}}{\text{Total Equity}}$

e. Total Asset Turn Over (TATO) = $\frac{\text{Sales}}{\text{Total Assets}}$

3. Stock Price

The stock price is the price of equity securities formed through the mechanism of supply and demand in the market, reflecting the real value of a stock at that time (Erawati et al., 2022).The stock price assessment in this study is based on the closing price at the end of the period.

## RESULT AND DISCUSSION

### Normality Test

To determine the distribution of data, a normality test was conducted using the Shapiro-Wilk method. The test results are presented as shown below:

Table 1. Test of Normality

| | | Shapiro-Wilk | | |
|---|---|---|---|---|
| | | Statistic | df | Sig. |
| FINANCIAL_PERFORMANCE | BEFORE | 0,758 | 7 | 0,015 |
| | AFTER | 0,743 | 7 | 0,011 |
| STOCK_PRICE | BEFORE | 0,731 | 7 | 0,008 |
| | AFTER | 0,754 | 7 | 0,014 |

Based on Table 1 above, the normality test on financial performance and stock prices before and after the acquisition showed the same overall results, namely that the data is not normally distributed because the significance value of both variables before and after the acquisition was less than 0.05. Based on this, the difference test method used in testing these two variables was the Wilcoxon Signed Rank Test.

### Wilcoxon Signed Rank Test

Table 2. Wilcoxon Signed Rank Test

| Test Statistics | | |
|---|---|---|
| | FP BEFORE-FP AFTER | STOCK PRICE BEFORE-STOCK PRICE AFTER |
| Z | -2,028 | -,169[b] |
| Asymp. Sig. (2-tailed) | 0,043 | 0,866 |

Based on Table 2 above, the Asymp. Sig. (2-tailed) value of financial performance (FP) before and after the acquisition shows a value of 0.043<0.05, meaning that the results indicate that there is a significant difference in financial performance between the periods before and after the acquisition. Meanwhile, the Asymp. Sig. (2-tailed) value for the stock price before and after the acquisition is 0.866>0.05. This finding reflects that the company's share price does not differ significantly before and after the acquisition.

Table 3. Output Rank Wilcoxon Signed Rank Test Before and After the Acquisition

| Ranks | | | | |
|---|---|---|---|---|
| | | N | Mean Rank | Sum of Ranks |
| FP BEFORE- FP AFTER | Negative Ranks | 1[a] | 2,00 | 2,00 |
| | Positive Ranks | 6[b] | 4,33 | 26,00 |
| | Ties | 0[c] | | |
| | Total | 7 | | |
| STOCK PRICE BEFORE- STOCK PRICE AFTER | Negative Ranks | 3[a] | 5,00 | 15,00 |
| | Positive Ranks | 4[b] | 3,25 | 13,00 |
| | Ties | 0[c] | | |
| | Total | 7 | | |

Based on Table 3, it can be seen that financial performance (FP) has a negative rank value of 1 with a mean rank of 2.00 and a positive rank value of 6 with a mean rank of 4.33. Meanwhile, the stock price table shows a negative rank value of 3 with a mean rank of 5.00 and a positive rank value of 4 with a mean rank of 3.25.

**Discussion**

Based on the analysis using the Wilcoxon Signed Rank Test with the following hypothesis, $H_1$: There is a significant difference between the financial performance of the company before and after the acquisition. The significance value (2-tailed) shows a value of 0.043 < 0.05. Therefore, it can be concluded that $H_1$ is accepted. This indicates a significant difference in financial performance between the periods before and after the acquisition, which was assessed using CR, ROA, DAR, DER, and TATO. In addition, in Table 3, positive ranks obtained a value of 6 and negative ranks obtained a value of 1. This shows that there were 6 samples after the acquisition that experienced an increase in financial performance, with an average increase of 4.33, and 1 sample experienced a decline in financial performance after the acquisition, with an average decline of 2.00. Thus, this condition indicates an increase in financial performance in the post-acquisition period compared to the pre-acquisition period.

Therefore, these results reflect the success of the acquisition, which is not only an expansion strategy but has also resulted in significant changes in the company's financial performance. These results are in line with the main objectives of the acquisition, namely to generate added value and strengthen the company's position in facing competition. The results of this study are in line with Moin in (Priadi et al., 2024), which states that an acquisition can be considered successful if the company can demonstrate synergy reflected in improved financial performance, efficiency, and company value after the acquisition. In addition, the study by (Runtu et al., 2022) also reinforces the findings of this study by revealing significant differences in financial performance.

In Table 2, the results of stock price testing using the Wilcoxon Signed Rank Test with the following hypothesis, $H_2$: There is a significant difference between stock prices before and after the acquisition. The Asymp. Sig. (2-tailed) value shows a value of 0.866 > 0.05. Therefore, it can be concluded that $H_2$ is rejected. This indicates that there is no significant difference in stock prices between the periods before and after the acquisition.

However, insignificant results cannot be interpreted as a complete absence of differences. Table 3 shows the results of the Wilcoxon Signed Rank Test Output Rank, which contains 3 negative ranks in the comparison of stock prices before and after the acquisition, meaning that there were 3 samples that experienced a decline in stock prices after the acquisition, namely BULL, INPP, and PPRO. The average decline was 5.00. Then there are 4 positive ranks in the comparison of stock prices before and after the acquisition, which means that 4 samples experienced an increase in stock prices after the acquisition. The average increase was 3.25. These companies are ADRO, DEWA, DOID, and INDR.

Based on the results of the study, stock prices in the period before and after the acquisition proved to have no significant difference. This means that the market did not react strongly to the acquisition, either positively or negatively. These findings are consistent with the study conducted by(Zhang & Xian Teo, 2023), which examined the stock price dynamics of A-share firms in China following acquisitions. Their research revealed that market mispricing tends to generate a brief positive reaction immediately after the acquisition, but this effect diminishes in the short to medium term, resulting in statistically insignificant changes in stock prices. Similarly, the present study found no significant difference in stock prices before and after the acquisition, indicating that the market response in Indonesia was also neutral. This suggests that investors tend to react if there are major changes in the company's financial performance after the acquisition, such as an increase in profits or significant business growth. Furthermore, both studies imply that short-term fluctuations in stock prices are influenced more by macroeconomic factors such as post-pandemic recovery and market uncertainty than by the acquisition events themselves. Similiar findings were also found by (Fatoni, 2022), who found that mergers and acquisitions did not have a significant effect on company stock prices in the period before and after the merger and acquisition, as the impact could only be seen in the long term.

## CONCLUSION

Based on the analysis results, it can be concluded that financial performance shows a significant difference between the pre-acquisition and post-acquisition periods. This difference can be seen from the CR, ROA, DAR, DER, and TATO ratios that were tested as a whole. On the other hand, no significant difference was found in stock prices between the pre-acquisition and post-acquisition periods.

These results indicate that the acquisition was able to improve the company's financial performance. However, it has not been able to show an increase in stock prices in the short term. For future researchers, it is recommended to extend the research period before and after the acquisition and add a broader sample for more comprehensive results.

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