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Comparative Analysis of Financial Performance Before and After Acquisitions in Indonesian Listed Financial Firms

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Abstract:

Research aims:

This study aims to analyze the differences in financial performance of financial sector companies before and after acquisitions, measured using Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI).

Design/Methodology/Approach:

This study employs a quantitative approach with a comparative method. The sample was selected using purposive sampling from financial sector companies listed on the Indonesia Stock Exchange during the 2017–2022 period and there are five samples or companies that meet the criteria. The data, in the form of annual financial statements, were analyzed using descriptive statistics, the Kolmogorov-Smirnov normality test, and hypothesis testing through paired sample t-tests and Wilcoxon signed-rank tests.

Research findings:

The results indicate that there are no significant differences in EVA, Tobin's Q, and ROI between the periods before and after the acquisition. This suggests that the impact of acquisitions on financial performance is not evident in the short term.

Theoretical contribution/Originality:

This study contributes by specifically focusing on acquisitions (excluding mergers), employing a combination of EVA, Tobin's Q, and ROI, and using a recent observation period that includes the pandemic context, thereby enriching the literature on the effectiveness of acquisitions in Indonesia's financial sector.

Practitioner/Policy implication:

The findings of this study can serve as a consideration for management, investors, and regulators in evaluating acquisition decisions and highlight the importance of post-acquisition integration strategies.

Research limitation/Implication:

The limitation of this study lies in the observation period, which only covers one year before and after the acquisition, and its focus on the financial sector. Future research is recommended to use a longer observation period and include broader sectors.

Keywords: Acquisition, Economic Value Added (EVA), Tobin's Q, Return On Investment (ROI)

Introduction

In recent years, acquisition activities in Indonesia have shown a significant upward trend, particularly within the financial sector. Data published by the Business Competition Supervisory Commission (KPPU) indicate that financial institutions increasingly utilize acquisitions as a strategic mechanism to strengthen market competitiveness, accelerate digital transformation, expand service diversification, and improve operational efficiency in response

to dynamic economic pressures and post-pandemic business challenges. The rapid development of financial technology, changes in consumer behavior, and intensifying competition among financial institutions have encouraged companies to pursue inorganic growth strategies through acquisitions rather than relying solely on internal expansion

Business competition in the modern economic environment has become increasingly complex, requiring companies to continuously improve their strategies and organizational capabilities to maintain sustainability and enhance corporate performance. One strategic approach commonly implemented by companies to achieve business expansion is through mergers and acquisitions. Compared to internal expansion, acquisition strategies are often considered more efficient because they enable companies to gain access to new markets, technology, operational resources, and customer networks within a relatively shorter period. This strategy is expected to generate operational, financial, and managerial synergies capable of strengthening long-term corporate performance (Ali, 2020; Nany & Pertiwi, 2022)

In general, business combinations consist of consolidations, mergers, and acquisitions. Among these forms, acquisitions have become one of the most dominant strategic choices among corporations because the acquiring company can obtain control over another entity without eliminating the legal status of the acquired company. Through acquisitions, companies expect to accelerate business growth, improve operational efficiency, diversify business risks, and strengthen competitive advantages within the industry. According to Jannah (2020), acquisitions are frequently selected as strategic corporate actions because they provide opportunities for companies to achieve faster expansion and improve long-term sustainability. Similarly, Nisafitri (2020) explains that acquisitions are expected to create opportunities for revenue growth, resource sharing, and operational cost efficiency between the acquiring and acquired firms

However, acquisition strategies do not always produce positive outcomes. Many acquisition cases fail to generate the expected synergies due to integration difficulties, differences in organizational culture, managerial conflicts, and the emergence of substantial post-acquisition costs. In several cases, acquisitions even create inefficiencies that weaken profitability and reduce shareholder value. Anani et al. (2022) state that acquisition activities often involve considerable financial expenditures and high business risks, while the expected performance improvements may not necessarily materialize. Consequently, evaluating financial performance before and after acquisitions becomes essential in determining whether acquisition decisions truly contribute to corporate value creation

Financial performance analysis is commonly conducted using financial ratios and value-based indicators to assess the effectiveness of acquisition activities. Performance measurement is important because acquisitions are frequently justified based on the expectation of synergy creation and long-term profitability enhancement. Therefore, examining post-acquisition financial performance provides empirical evidence regarding whether the acquisition strategy successfully improves corporate effectiveness and market valuation. According to Zumarnis and Andriani (2023), consistent improvements in financial performance after acquisitions indicate stronger competitiveness and greater firm value in the eyes of investors and stakeholders

Previous studies examining mergers and acquisitions have produced inconsistent findings. Qoni'ah and Hidayat (2023) found that only total asset turnover significantly improved after merger and acquisition activities, while liquidity, solvency, and profitability ratios showed no meaningful changes. Similarly, Ali (2020) reported that several financial performance indicators, including CR, DER, ROE, ROA, NPM, and EPS, did not significantly differ after mergers and acquisitions. In contrast, Destiana and Amyza (2024) found that Economic Value Added (EVA) experienced significant changes following merger and acquisition activities, although several traditional financial ratios remained stagnant. These inconsistent findings indicate that the effectiveness of acquisitions in improving financial performance remains inconclusive and requires further investigation.

In addition, most previous studies tend to combine mergers and acquisitions into a single analytical framework, even though both strategies possess different characteristics, integration mechanisms, and managerial consequences. This condition creates a research gap because the independent impact of acquisition activities cannot be clearly identified. Furthermore, limited studies specifically examine acquisition performance within the Indonesian financial sector, despite the sector's strategic importance and highly regulated operational environment. Financial sector companies possess unique characteristics related to governance, prudential regulation, and market sensitivity, which may influence the effectiveness of acquisition strategies differently from non-financial industries.

Another important issue relates to the limited use of comprehensive performance indicators in prior studies. Most previous research focuses primarily on traditional accounting ratios, while relatively few studies simultaneously integrate value-based indicators such as Economic Value Added (EVA), market-based indicators such as Tobin's Q, and profitability indicators such as Return on Investment (ROI). The integration of these three indicators is important because it provides a broader perspective regarding acquisition outcomes from operational, market, and investment efficiency dimensions

This study focuses on financial sector companies listed on the Indonesia Stock Exchange that conducted acquisition activities during the 2017–2022 period. The study utilizes secondary data obtained from annual financial statements published by the Indonesia Stock Exchange, company reports, and acquisition information from the Business Competition Supervisory Commission (KPPU). Furthermore, this study applies a comparative quantitative approach to analyze differences in financial performance before and after acquisitions using Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI) as measurement indicators.

This study contributes to the literature in several ways. First, the study specifically isolates acquisition activities without combining them with mergers, allowing for a more focused analysis of acquisition performance. Second, the study examines financial sector companies, which remain underexplored in the Indonesian acquisition literature. Third, the study combines value-based, market-based, and profitability-based indicators to provide a more comprehensive evaluation of acquisition outcomes. Finally, the study covers the 2017–2022 period, which includes the COVID-19 pandemic era, thereby offering insights into acquisition effectiveness under conditions of economic uncertainty.

This study employs difference tests to determine whether acquisition activities significantly influence corporate financial performance. The use of comparative statistical analysis enables the study to evaluate whether changes occurring after acquisitions represent meaningful performance improvements. Therefore, the findings of this study are expected to provide practical insights for corporate management, investors, and regulators regarding the effectiveness of acquisition strategies and their implications for long-term corporate performance.

Literature Review and Hypotheses Development

Synergy Theory represents one of the fundamental concepts in strategic management and corporate restructuring, particularly in the context of mergers and acquisitions. The theory is based on the principle that the combined value generated through collaboration between two or more business entities is greater than the value produced when each entity operates independently. In other words, synergy arises when organizational integration creates efficiency, effectiveness, and competitive advantages that exceed the separate capabilities of each company. Robbins and Coulter (2021) define synergy as a condition in which cooperation between organizational units produces outcomes greater than those achieved individually.

In acquisition activities, synergy becomes one of the primary motives underlying corporate decisions to acquire other firms. Companies generally expect acquisitions to generate operational efficiency, expand market access, strengthen financial capacity, optimize resource utilization, and improve managerial effectiveness (Jannah, 2020). Synergy in acquisitions may emerge in various forms, including operational synergy, financial synergy, and managerial synergy. Operational synergy occurs when companies successfully reduce costs and improve productivity through resource integration. Financial synergy may arise from improved access to capital, tax advantages, and reduced financial risk, while managerial synergy reflects improvements in organizational capability resulting from knowledge transfer and strategic coordination between firms (Anani et al., 2022).

Despite these expected benefits, synergy realization is not always guaranteed. The effectiveness of acquisitions depends heavily on the quality of post-acquisition integration, organizational compatibility, and management capability in aligning business operations. Differences in organizational culture, managerial systems, and strategic orientation may create integration barriers that reduce acquisition effectiveness. Consequently, acquisitions may fail to generate the anticipated financial benefits if integration processes are not managed effectively (Ali, 2020). Therefore, evaluating corporate financial performance before and after acquisitions becomes important to determine whether acquisition strategies successfully create synergy and improve firm performance.

Acquisition

The term acquisition originates from the word acquisition, which generally refers to the process of obtaining or taking over ownership of another entity. According to Moin, as cited in Ali (2020), acquisition refers to the purchase or takeover of ownership rights over another company, either partially or entirely, while the acquired company continues to operate as a separate legal entity. In acquisition activities, control over the acquired company shifts to the

acquiring company, although the acquired entity may continue conducting its business operations independently.

Acquisitions are commonly used by companies as a strategic mechanism to accelerate business expansion and strengthen market competitiveness. Compared to internal growth strategies, acquisitions are often considered more efficient because they allow companies to gain immediate access to new markets, customers, operational resources, technology, and business networks (Nany & Pertiwi, 2022). Through acquisitions, companies also expect to improve operational efficiency, diversify business risks, and strengthen long-term profitability (Nisafitri, 2020).

In the financial sector, acquisition activities have become increasingly important due to intense competition, digital transformation, and changing consumer preferences. Financial institutions frequently undertake acquisitions to expand financial services, strengthen digital capabilities, and improve market position. However, acquisition implementation in the financial sector also faces substantial challenges because financial institutions operate under strict regulatory supervision and require complex integration processes involving governance systems, operational procedures, technology infrastructure, and risk management frameworks (Zumarnis & Andriani, 2023).

Financial Performance

Financial performance reflects a company's ability to manage resources efficiently and achieve organizational objectives through sound financial management practices. Financial performance analysis is essential because it provides information regarding a company's operational effectiveness, profitability, market valuation, and sustainability. According to Kasmir (2019), financial performance represents the results achieved by a company through the implementation of financial management policies and activities within a certain period.

In the context of acquisition activities, financial performance analysis is important to evaluate whether acquisitions contribute positively to corporate performance improvement. Companies undertaking acquisitions generally expect improvements in profitability, efficiency, market value, and shareholder wealth (Qoni'ah & Hidayat, 2023). Therefore, comparing financial performance before and after acquisitions can provide empirical evidence regarding the effectiveness of acquisition strategies.

This study employs three indicators to measure financial performance, namely Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI). These indicators were selected because they represent different dimensions of corporate performance, including value creation, market valuation, and investment profitability.

Hypothesis Development

The Effect of Acquisition on Economic Value Added (EVA)

Economic Value Added (EVA) is a value-based financial performance measurement used to assess a company's ability to generate economic profit after considering the cost of capital. EVA reflects the extent to which a company creates additional value for shareholders through its operational activities. According to Soewito and Kusumawati (2017), a company is

considered financially healthy if it can generate returns exceeding the total cost of capital used in business operations.

In acquisition activities, EVA becomes an important indicator because acquisitions are generally expected to improve operational efficiency and increase economic value creation. Through synergy realization, acquisitions may enable companies to optimize resource utilization, reduce operational costs, and strengthen profitability, thereby increasing EVA performance (Destiana & Amyza, 2024). However, acquisitions may also generate additional integration costs and operational inefficiencies during the early post-acquisition stage, potentially reducing economic value creation in the short term (Ali, 2020).

Previous studies examining EVA before and after acquisitions have produced inconsistent findings. Destiana and Amyza (2024) found significant differences in EVA following merger and acquisition activities, indicating that acquisitions may contribute to increased economic value creation. In contrast, Wardani and Listiyadi (2018) reported no significant differences in EVA before and after acquisitions, suggesting that acquisition activities do not always produce immediate financial benefits. These inconsistent findings indicate that the relationship between acquisitions and EVA performance remains inconclusive and requires further investigation, particularly within the Indonesian financial sector.

Based on the theoretical explanation and empirical findings from previous studies, the hypotheses are formulated as follows:

H1₁: There is a significant difference in the company's Economic Value Added before and after the acquisition.

H1₀: There is no significant difference in the company's Economic Value Added before and after the acquisition.

The Effect of Acquisition on Tobins Q

Tobin's Q is a market-based performance indicator used to measure how the market values a company relative to the replacement cost of its assets. The ratio compares the market value of a company with the book value or replacement value of its total assets. According to Fred and Copeland Thomas, as cited in Oktavia and Kennedy (2021), Tobin's Q reflects investors' perceptions regarding a company's future growth opportunities and long-term performance prospects. A Tobin's Q value greater than one indicates that the market values the company higher than the recorded value of its assets, suggesting positive investor expectations regarding the company's future performance and value creation capability.

In the context of acquisition activities, Tobin's Q becomes an important indicator because acquisitions are generally expected to improve firm value and strengthen investor confidence. Through acquisitions, companies seek to expand market share, improve operational efficiency, obtain strategic resources, and enhance competitive advantage. When investors perceive acquisition decisions positively, the market value of the company tends to increase, leading to higher Tobin's Q values. Therefore, changes in Tobin's Q before and after acquisitions can reflect the market's response toward the effectiveness and future prospects of acquisition activities.

Synergy Theory explains that acquisitions are expected to generate value creation through the integration of operational, financial, and managerial resources between companies (Robbins &

Coulter, 2021). If the market believes that the acquisition will successfully create synergies and improve long-term profitability, investors are more likely to respond positively through increased demand for company shares. Consequently, the company's market value may rise after the acquisition process. However, market responses to acquisitions are not always positive. Investors may also perceive acquisitions as risky corporate actions due to integration uncertainty, high acquisition costs, and the possibility of operational inefficiencies during the post-acquisition period (Anani et al., 2022).

Previous empirical studies examining Tobin's Q before and after acquisitions have produced inconsistent findings. Oktavia and Kennedy (2021) found significant differences in Tobin's Q following merger and acquisition activities, indicating that the market responded positively to corporate expansion strategies. In contrast, Alandra and Yunita (2022) reported that there were no significant differences in Tobin's Q before and after acquisitions, suggesting that acquisition activities did not substantially influence investor perceptions or market valuation. These inconsistent findings indicate that the impact of acquisitions on market performance remains inconclusive and may depend on industry characteristics, economic conditions, and the effectiveness of post-acquisition integration.

In the financial sector, market responses toward acquisition activities may differ from other industries because financial institutions operate within highly regulated environments and face greater sensitivity to economic uncertainty and investor confidence. Therefore, examining Tobin's Q in financial sector companies becomes important to understand whether acquisition activities are perceived positively by the capital market and whether acquisitions contribute to increasing firm value.

Based on the theoretical explanation and previous empirical findings, the hypotheses are formulated as follows:

H2₁: *There is a significant difference in the company's Tobin's Q before and after the acquisition.*

H2₀: *There is no significant difference in the company's Tobin's Q before and after the acquisition.*

The Effect of Acquisition on Return on Investment (ROI)

Return on Investment (ROI) is one of the profitability ratios used to measure a company's ability to generate returns from the total assets or investments employed in business operations. ROI reflects how efficiently management utilizes company resources to produce profits. According to Kasmir (2019), ROI describes the level of effectiveness of a company in generating earnings through the utilization of both equity and debt-financed assets. A higher ROI indicates that the company is more efficient in managing its investments and operational resources to create profitability.

In acquisition activities, ROI becomes an important indicator because acquisitions are generally expected to improve operational efficiency, strengthen resource utilization, and increase profitability. Through acquisitions, companies seek to obtain strategic assets, expand business operations, and achieve economies of scale that may enhance financial returns. If acquisition activities are implemented effectively, the combined operations between the acquiring and acquired firms are expected to generate higher profits and improve investment

efficiency. Consequently, ROI should increase after the acquisition process due to the successful realization of operational and financial synergies.

Synergy Theory explains that acquisitions can improve organizational performance when the integration of resources and operational capabilities creates greater value than the companies could achieve independently (Robbins & Coulter, 2021). Operational synergy resulting from acquisitions may reduce production costs, improve productivity, strengthen market access, and optimize the use of corporate assets. These improvements are expected to positively influence profitability and investment returns. However, acquisitions may also create temporary inefficiencies during the integration process. High acquisition costs, restructuring expenses, technological adaptation, and organizational adjustments may reduce profitability in the short term and weaken the company's ability to generate optimal returns from its investments (Anani et al., 2022).

Previous studies examining ROI before and after acquisitions have produced inconsistent findings. Kusumawati and Kamal (2022) found significant differences in ROI after merger and acquisition activities, indicating that acquisitions contributed positively to profitability improvement and operational efficiency. In contrast, Bella and Sari (2021) reported that ROI did not significantly differ before and after acquisitions, suggesting that acquisition activities were not immediately capable of improving corporate profitability. These inconsistent findings indicate that the relationship between acquisitions and investment performance remains inconclusive and may depend on factors such as industry characteristics, integration effectiveness, managerial capability, and macroeconomic conditions.

In the financial sector, the impact of acquisitions on ROI may differ from other industries because financial institutions operate under strict regulatory requirements and tend to prioritize stability and risk management. As a result, profitability improvements resulting from acquisition activities may emerge more gradually due to the complexity of integrating operational systems, governance structures, and financial services. Therefore, analyzing ROI before and after acquisitions is important to evaluate whether acquisition activities successfully improve investment efficiency and profitability within financial sector companies.

Based on the theoretical explanation and previous empirical findings, the hypotheses are formulated as follows:

H3₁: There is a significant difference in the company's Return on Investment before and after the acquisition.

H3₀: There is no significant difference in the company's Return on Investment before and after the acquisition.

Research Method

This study employs a comparative quantitative research design to analyze the differences in financial performance before and after acquisitions. The research population consists of companies listed on the Indonesia Stock Exchange. The research sample was selected using a purposive sampling technique, with the criteria of financial sector companies that conducted acquisitions during the 2017–2022 period and have complete financial statements.

Table 1. Sample Names of Financial Sector Companies Undertaking Acquisitions in Indonesia 2017-2022

No	Acquiring Company	Acquired Company	Year of Acquisition
1	PT Bank Central Asia Tbk	PT Bank Royal	2019
2	PT Saratoga Investama Sedaya Tbk	PT Wana Bhakti Sukses Mineral	2019
		PT Asuransi Beringin Sejahtera	2019
3	PT Bank Rakyat Indonesia Tbk	PT Bri Ventura Investama (dahulu PT Sarana Nusa Tenggara)	2019
		PT Danareksa Sekuritas	2019
		PT Danareksa Investment Management	2019
4	PT Bank Negara Indonesia Tbk	PT Bank Mayora	2022
5	PT MNC Kapital Indonesia Tbk	PT Felima Orient Pacific	2022

Source: KPPU, 2025

The data used in this study are secondary data obtained from audited annual financial reports published on the official website of the Indonesia Stock Exchange and the respective company websites. The financial performance variables used in this study include Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI).

Data analysis was conducted through several stages, namely descriptive statistical analysis, normality testing using the Kolmogorov–Smirnov test, paired sample t-test for normally distributed data, and the Wilcoxon signed-rank test for non-normally distributed data. The observation period covers one year before and one year after the acquisition.

Result and Discussion

Descriptive Statistics

The results of data analysis using descriptive statistics are as follows:

Table 2. Results of Descriptive Statistical Test Before and After the Acquisition

	N	Minimum	Maximum	Mean	Std. Deviation
EVA BEFORE	5	-193137	18596059	8594761.00	9357464.055
EVA AFTER	5	-285290	19691021	7973142.00	8579089.306
Tobin's Q BEFORE	5	.72	1.59	1.0700	.34344
Tobin's Q AFTER	5	.37	1.60	1.0060	.45785
ROI BEFORE	5	.01	.30	.0740	.12661
ROI AFTER	5	.00	.25	.0620	.10569
Valid N (listwise)	5				

Source: Data processed using SPSS 27, 2025

The results of data processing using descriptive statistical methods indicate that the average (mean) value of the company's EVA before the acquisition was 8.594.761,00 while after the

acquisition the average EVA was 7.973.142,00. The difference in the average EVA before and after the acquisition was -621.619,00 indicating a decline in the company's EVA by -621.619,00. This shows that the company's ability to create economic value after deducting the cost of capital decreased following the acquisition.

The results of data processing using descriptive statistical methods indicate that the average (mean) value of the company's Tobin's Q before the acquisition was 1,0700 while after the acquisition the average Tobin's Q was 1,0060. The difference in the average Tobin's Q before and after the acquisition was -0,0640 indicating a decline in the company's Tobin's Q by -0,0640. This shows that the market's assessment of the replacement value of the company's assets tended to decline after the acquisition.

The results of data processing using descriptive statistical methods indicate that the average (mean) value of the company's ROI before the acquisition was 0,0740 or 7,40% while after the acquisition the average ROI was 0,0620 or 6,20%. The difference in the average ROI before and after the acquisition was -0,0120 indicating a decline in the company's ROI by -0,0120. This shows that the company's ability to generate profits from the investments made decreased after the acquisition.

Normality Test

The data normality test was conducted using the Kolmogorov-Smirnov method to determine whether the data used in this study were normally distributed or not. Normality test see in table 3.

Table 3. Results of the Kolmogorov-Smirnov Normality Test

Variables	Sig. (2-tailed)	Significance Level	Conclusion
EVA BEFORE	0,200	0,05	Normal
EVA AFTER	0,200	0,05	Normal
Tobin's Q BEFORE	0,200	0,05	Normal
Tobin's Q AFTER	0,200	0,05	Normal
ROI BEFORE	0,002	0,05	Abnormal
ROI AFTER	0,004	0,05	Abnormal

Source: Data processed using SPSS 27, 2025

Based on the results of the normality test presented in the table above, the paired sample t-test was applied to normally distributed data pairs, namely Tobin's Q and EVA, while ROI was tested using the alternative hypothesis test, the Wilcoxon signed-rank test.

Hypothesis Testing Using Paired Sample T-Test

To examine the differences between the conditions before and after the treatment/intervention, this study employed a *paired sample t-test*. This test was considered appropriate because the

analysis involved the same respondents or objects observed under two different conditions, allowing for a more accurate identification of mean differences. The analysis compared the mean values of each variable between the pre- and post-observation periods to determine whether statistically significant differences existed. The results of the *paired sample t-test* are presented in Table 4.

Table 4. Results of the Paired Sample T-Test

Variables	Sig. (2-tailed)
EVA BEFORE - EVA AFTER	0,833
Tobin's Q BEFORE - Tobin's Q AFTER	0,428

Source: Data processed using SPSS 27, 2025

Based on the results of the paired sample t-test, the EVA variable shows a Sig. (2-tailed) value of 0,833. Since the significance value is greater than 0,05, H_{10} is accepted and H_{11} is rejected. This indicates that there is no significant difference in the company's EVA before and after the acquisition. The Tobin's Q variable shows a Sig. (2-tailed) value of 0,428. Since the significance value is greater than 0,05, H_{20} is accepted and H_{21} is rejected. This indicates that there is no significant difference in the company's Tobin's Q before and after the acquisition.

Hypothesis Testing Using Wilcoxon Signed-Rank Test

Because the data did not fully satisfy the normality assumption required for parametric testing, this study further applied the *Wilcoxon Signed-Rank Test* as a non-parametric alternative to evaluate differences between the two related observations. This approach is appropriate for assessing changes in paired data by comparing the distribution of values before and after the observed condition. The test provides evidence regarding whether the median difference between the two measurement periods is statistically significant. The results of the *Wilcoxon Signed-Rank Test* for the comparison of ROI before and after the observed event are presented in Table 5.

Table 5. Results of the Wilcoxon Signed-Rank Test
Test Statistics^a

	ROI AFTER - ROI BEFORE
Z	-1,134 ^b
Asymp. Sig. (2-tailed)	0,257

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Source: Data processed using SPSS 27, 2025

Based on the results of the Wilcoxon signed-rank test on ROI, the Asymp. Sig. (2-tailed) value is 0,257. Since the significance value is greater than 0,05, H_{30} is accepted and H_{31} is rejected. This indicates that there is no significant difference in the company's ROI before and after the acquisition.

Discussion

The findings of this study reveal that acquisition activities carried out by financial sector companies listed on the Indonesia Stock Exchange did not generate statistically significant differences in Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI)

between the periods before and after acquisition. Although descriptive statistics indicate a decline in the average values of these indicators after acquisition, the changes were not significant enough to demonstrate that acquisitions immediately improved company performance.

The insignificant result for EVA indicates that acquisition activities were not yet capable of increasing the companies' economic value creation after accounting for the cost of capital. In theory, acquisitions are expected to create synergies that improve efficiency, expand market reach, and strengthen operational capabilities. However, the realization of these benefits generally requires a long adjustment process. Financial sector companies often face complex integration challenges involving governance systems, operational procedures, technology adaptation, and risk management alignment. During the early stages of integration, companies may experience additional operational costs that reduce their ability to generate economic value efficiently. This finding supports the study conducted by Wardani & Listiyadi (2018), which found that acquisition activities did not significantly affect EVA performance. Similar results were also reported by Ali (2020), who concluded that merger and acquisition strategies did not significantly improve corporate financial performance in the short term.

From the perspective of Synergy Theory, acquisitions should produce greater collective outcomes compared to the performance achieved by companies operating independently (Robbins & Coulter, 2021). Nevertheless, the findings imply that the expected synergies were not optimally achieved by the sampled firms. One possible explanation is the difficulty of post-acquisition integration. Differences in organizational culture, managerial systems, and strategic orientation between the acquiring and acquired companies may reduce coordination effectiveness and delay synergy realization. Consequently, acquisition activities may not immediately translate into improved financial performance despite their strategic objectives.

The results for Tobin's Q also demonstrate that the market did not significantly respond to acquisition activities undertaken by the companies. This finding indicates that investors remained cautious in evaluating the future prospects of acquiring firms. Investors may perceive acquisitions as strategic actions associated with uncertainty, particularly regarding integration success, operational efficiency, and future profitability. As a result, the market may not interpret acquisitions as a strong positive signal capable of increasing firm value. This finding is consistent with the study by Alandra & Yunita (2022), which reported no significant differences in market performance before and after acquisitions.

Macroeconomic conditions during the observation period may also explain the absence of a significant market response. Several acquisition activities occurred during the COVID-19 pandemic period, when financial markets experienced substantial uncertainty and volatility. Under such conditions, investors generally focus more on liquidity and financial stability than on corporate expansion strategies. Therefore, acquisition activities may not have generated strong investor confidence despite management expectations regarding long-term business growth.

The ROI results further indicate that acquisition activities did not significantly improve the efficiency of investment utilization. The decline in average ROI after acquisition suggests that

the acquired assets and investments had not yet generated optimal returns within the short observation period. This condition may occur because acquisitions usually involve substantial expenditures, including restructuring costs, integration expenses, and operational adjustments. Such costs may reduce profitability during the initial stages of post-acquisition integration. These findings are in line with Bella & Sari (2021), who found that profitability ratios did not significantly improve after acquisition activities among companies listed on the Indonesia Stock Exchange.

Another factor that may explain the insignificant findings relates to the characteristics of the financial sector itself. Financial institutions operate within highly regulated environments and generally prioritize prudential principles in strategic decision-making. Consequently, the financial impact of acquisitions may emerge more gradually compared to firms operating in less regulated sectors. In addition, the limited number of sampled companies may reduce the statistical ability to detect stronger differences between the pre- and post-acquisition periods.

Overall, the findings indicate that acquisitions do not automatically produce immediate improvements in financial performance or market valuation. The success of acquisition strategies depends heavily on effective post-acquisition integration, managerial capability, organizational adaptability, and external economic conditions. Therefore, companies should focus not only on completing acquisition transactions but also on developing long-term integration strategies capable of generating sustainable corporate value.

Conclusion

This study examined the financial performance of financial sector companies listed on the Indonesia Stock Exchange before and after acquisition activities by using Economic Value Added (EVA), Tobin's Q, and Return on Investment (ROI) as measurement indicators. The empirical results show that there were no statistically significant differences in the three indicators after the acquisition process. Although the average values of EVA, Tobin's Q, and ROI tended to decline after the acquisition, the decreases were relatively small and could not demonstrate a meaningful change in corporate performance.

These findings indicate that acquisitions did not directly generate improvements in economic value creation, market valuation, or investment returns within the short-term period observed in this study. The expected benefits of acquisitions, such as operational synergy, efficiency enhancement, and business expansion, may require a longer adjustment and integration process before they can positively influence financial performance. In the financial sector, integration activities generally involve complex organizational and operational adjustments, including governance alignment, system integration, and risk management adaptation, which may temporarily reduce efficiency during the early post-acquisition stage.

The results also suggest that investors did not immediately perceive acquisition activities as a positive signal capable of increasing firm value. This condition reflects cautious market behavior toward acquisition decisions, particularly during periods characterized by economic uncertainty and financial market volatility. Furthermore, the insignificant change in ROI

indicates that the companies had not yet been able to optimize the utilization of acquired assets and investments to generate higher profitability within one year after the acquisition.

This study contributes to the literature on mergers and acquisitions by specifically focusing on acquisition activities within Indonesian financial sector companies and by combining EVA, Tobin's Q, and ROI as indicators of financial and market performance. The findings provide practical insights for company management regarding the importance of post-acquisition integration effectiveness in achieving long-term strategic objectives. Acquisition success depends not only on completing the transaction itself but also on the company's ability to manage organizational adaptation and operational harmonization after the acquisition process.

Several limitations should be acknowledged in this study. The research only involved companies from the financial sector and used a relatively short observation period of one year before and after the acquisition. As a result, the findings may not fully capture the long-term impact of acquisition activities. In addition, the limited number of sample companies may reduce the generalizability of the results. Therefore, future studies are encouraged to involve companies from broader industrial sectors, apply longer observation periods, and incorporate additional performance indicators in order to obtain a more comprehensive understanding of acquisition outcomes in Indonesia.

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