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The Financial Performance of Merged and Acquired Firms: Energy and Consumer Sectors in Indonesia

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ABSTRACT
This research examines the difference in average financial performance one year before and after mergers and acquisitions in the energy and consumer sectors of public companies listed on the Indonesia Stock Exchange. The research sample consisted of 20 energy and 20 consumer sector companies that performed mergers and acquisitions from 2017 to 2021. Data processing was carried out using Paired Sample T-Test with the help of SPSS version 26. The research results showed an increase in the market prospect, leverage, and efficiency ratios one year after mergers and acquisitions in energy and consumer goods sector companies. Meanwhile, there was a decline in profitability and liquidity ratios one year after mergers and acquisitions in companies in the energy and consumer goods sectors. The result confirms that mergers and acquisitions contribute to differences in the financial performance of companies acquiring Indonesia's energy and consumer goods sectors.

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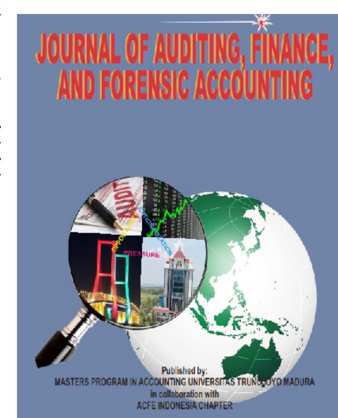
ABSTRAK
Penelitian ini bertujuan untuk menguji perbedaan rata-rata kinerja keuangan satu tahun sebelum dan setelah merger dan akuisisi pada perusahaan publik yang terdaftar di Bursa Efek Indonesia pada sektor energi dan konsumen. Sampel penelitian terdiri dari 20 perusahaan sektor energi dan 20 sektor konsumen yang melakukan merger dan akuisisi dalam periode 2017 hingga 2021. Pengolahan data dilakukan dengan menggunakan Paired Sample T -Uji dengan bantuan SPSS versi 26. Hasil penelitian menunjukkan bahwa terdapat peningkatan rasio prospek pasar, leverage, dan efisiensi satu tahun setelah merger dan akuisisi pada perusahaan sektor energi dan barang konsumsi. Sementara itu, terjadi penurunan rasio profitabilitas dan likuiditas satu tahun setelah merger dan akuisisi pada perusahaan sektor energi dan barang konsumsi. Temuan ini menegaskan bahwa merger dan akuisisi berkontribusi terhadap perbedaan kinerja keuangan perusahaan yang mengakuisisi sektor energi dan barang konsumsi di Indonesia.

Keyword:
Financial Performance, Merger, Acquisition, Ratio Analysis



1. INTRODUCTION

Globalization and free competition compel every company to continually develop its strategies to survive, grow, and remain competitive. Corporate restructuring is a strategy companies employ to develop their businesses (Kumaraswamy et al., 2019). Mergers and Acquisitions (M&A) are exciting activities in corporate restructuring, aiming to gain a competitive advantage and corporate dominance (Kumaraswamy et al., 2019). A merger involves the combination of two or more companies into one, where the acquiring company retains its identity. In contrast, the acquired company ceases its business activities and dissolves its legal entity (Tampubolon, 2013).

On the other hand, an acquisition involves another company taking over ownership or control of a company's shares or assets. In this event, the acquiring and acquired companies remain separate legal entities (Gustyana & Ersyad, 2018). Suppose the motive behind a merger and acquisition is to achieve synergy. In that case, synergy will improve company performance and result in a company value greater than the sum of individual company values.

Currently, Indonesia contributes to 35% of ASEAN's GDP and represents 40% of the region's population. The middle class and young population dominate the country's economic activities, and it is currently experiencing a stable growth rate of 6%. Indonesia is expected to be one of the world's ten largest economies by 2025. By 2030, Indonesia will have approximately 90 million new consumers, providing a reason to invest in the country, given its population of 250 million, making it the fourth-largest economy globally (Halim, 2016).

The number of companies engaging in M&A and the transaction value in Indonesia peaked in 2012, then declined in both the number and value of transactions, especially during the period 2013-2015 (Duff and Phelps Singapore Pte Ltd, 2016). However, these figures recovered in 2016, dominated by domestic transactions due to economic "packages" introduced by President Joko Widodo with the aim of improving competitiveness and attracting investment (Timmerman, 2017).

The success of mergers and acquisitions can be determined through the company's financial performance. According to Acar & Kara (2014), financial performance relates to financial data during a specific period, indicating the extent to which financial goals are achieved. Financial performance can indicate the company's strategy, the implementation of the strategy, and all initiatives to improve company profits (Hamidu, 2013). The measurement of mergers and acquisitions results can be seen through the analysis of the company's financial ratios. Improvement in these ratios can indicate the company's success in achieving financial and operational synergy between two recently merged companies.

Previous research shows diverse results in the financial performance of companies in Indonesia after M&A (Hamidah & Noviani (2013), Esterlina & Firdausi (2017), Farranabila (2019),

Gozali & Panggabean (2019), Dewi & Widjaja (2021), Hadyarti (2022), Kurniati & Asmirawati (2022), Al Murtadho (2022), Leony & Petronila (2023)). The diversity of previous research results motivates this research to compare several company financial performance ratios before and after M&A activities, especially in Indonesia's energy and consumer sectors, using the paired T-test. The financial ratios measured consist of market prospects, profitability, leverage, efficiency, and liquidity. The aim of this research is to examine whether there are differences in the financial performance of energy and consumer sector companies in Indonesia listed on the Indonesia Stock Exchange before and after M&A for the 2017 - 2021 period.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Synergy Theory

Günther (1955) first proposed the synergy theory, stating that mergers and acquisitions occur widely because this process generates "synergy" between the acquiring and target companies. This synergy is expected to enhance the company's value (Omotayo, 2019). The synergy theory explains that two companies can achieve more significant benefits when they merge than when they stand alone (Almazur et al., 2018). Financial performance is one of the bases for assessing a company's financial condition (Sumantri & Agustianti, 2017), and ratios are analytical tools used to determine the financial condition of a company and review management performance over a specific period (Hasanah & Oktaviani, 2017). Previous research shows diverse results in the financial performance of companies in Indonesia after mergers and acquisitions (Hamidah & Noviani (2013), Esterlina & Firdausi (2017), Farranabila (2019), Gozali & Panggabean (2019), Dewi & Widjaja (2021), Hadyarti (2022), Kurniati & Asmirawati (2022), Al Murtadho (2022), Leony & Petronila (2023).

Market Prospect Ratio Before vs. After Mergers and Acquisitions

The market prospect ratio is a ratio that can show how the company has performed in the past and a picture of the company's achievements in the future. Previous research found that the market prospect ratio before and after mergers and acquisitions still varies. Hamidah & Noviani (2013) found differences in market prospect ratios (which used the Price Earnings Ratio (PER) proxy) in the period one year before and four years after mergers and acquisitions in non-financial companies listed on the Indonesian Stock Exchange and carrying out merger & acquisition activities 2004-2006. Hadyarti (2022) found no significant difference in the market prospect ratio two years before and two years after carrying out mergers and acquisitions in manufacturing companies listed on the IDX for the 2016-2020 period. Kurniati & Asmirawati (2022) found no significant difference in PER before and after mergers and acquisitions in public companies listed on the IDX and carrying out mergers and acquisitions between 2006 and 2015. Farranabila

(2019) found that the market prospect ratio (which uses the EPS proxy) is no different between before and after mergers and acquisitions in companies listed on the Indonesia Stock Exchange (BEI) that carried out mergers and acquisitions in 2014-2016. This research proposes the following hypothesis.

H_1: There is a difference in the market prospect ratio one year before and year after mergers and acquisitions in companies going public in the Indonesian energy and consumer sectors.

Profitability Ratios Before vs. After Mergers and Acquisitions

Previous research results regarding differences in profitability ratios before and after M&A are still mixed. Hamidah & Noviani (2013) found differences in profitability ratios one year before and four years after mergers and acquisitions in non-financial companies listed on the Indonesian Stock Exchange and carrying out M&A activities in 2004-2006. Al Murtadho (2022) found significant profitability between BUMN and BUMS companies after a merger or acquisition occurred. Gozali & Panggabean (2019) found that profitability ratios show a significant influence between before and after merger and acquisition activities, both as reflected in return on assets, return on equity, and net profit margin in companies listed on the Indonesia Stock Exchange that carry out M&A in the 2012 –2013 period. Dewi & Widjaja (2021) found that profitability ratios (NPM, ROE, ROA) were proven to be different 1 year before and 1 year after mergers and acquisitions. Hadyarti (2022) found differences in profitability ratios (if represented by the NPM ratio) two years before and two years after carrying out M&A in manufacturing companies listed on the IDX for the 2016-2020 period. However, there were no differences in profitability ratios (if represented by ROA and ROE). Kurniati & Asmirawati (2022) found significant differences in profitability ratios as measured by ROA and NPM before and after mergers and acquisitions in public companies listed on the IDX and carrying out mergers and acquisitions between 2006 and 2015. Leony & Petronila (2023) found that there were differences in profitability ratios (net profit margin ratio and return on assets) before and after mergers and acquisitions of non-financial companies on the IDX for the 2017-2019 period. Farranabila (2019) found that company profitability ratios did not differ between before and after mergers and acquisitions in companies listed on the Indonesia Stock Exchange (BEI) that carried out mergers and acquisitions in 2014-2016. This research proposes the following hypothesis.

H_2: There is a difference in profitability ratios one year before and one year after mergers and acquisitions in companies going public in the Indonesian energy and consumer sectors.

Leverage Ratio Before vs. After Mergers and Acquisitions

Al Murtadho (2022) found that there was no significant difference in leverage between BUMN and BUMS companies after a merger or acquisition occurred. Dewi & Widjaja (2021) found that there was no difference in the leverage ratio 1 year before and 1 year after

mergers and acquisitions. Hadyarti (2022) found that there was no significant difference in the leverage ratio two years before and two years after carrying out mergers and acquisitions in manufacturing companies listed on the IDX for the 2016-2020 period. Gozali & Panggabean (2019) found no significant influence between before and after M&A activities in companies listed on the Indonesian Stock Exchange that carried out merger and acquisition activities in 2012 – 2013. Leony & Petronila (2023) found no difference in the leverage ratio before and after M&A of non-financial companies on the IDX for the 2017-2019 period. Farranabila (2019) found that the leverage ratio (with proxies for debt to assets and debt to equity) of companies did not differ between before and after mergers and acquisitions in companies listed on the Indonesia Stock Exchange (BEI) that carried out M&A in 2014-2016. This research proposes the following hypothesis.

H_3: There is a difference in the leverage ratio one year before and one year after mergers and acquisitions in companies going public in the Indonesian energy and consumer sector.

Efficiency Ratio Before vs. After Mergers and Acquisitions

Al Murtadho (2022) found no significant difference in efficiency between BUMN and BUMS companies after a merger or acquisition occurred. Dewi & Widjaja (2021) found that there was no difference in the efficiency ratio (which was proxied by total asset turnover) 1 year before and 1 year after mergers and acquisitions. Hadyarti (2022) found that there was no significant difference in the efficiency ratio (which was proxied by total asset turnover) two years before and two years after carrying out mergers and acquisitions in manufacturing companies listed on the IDX for the 2016-2020 period. Leony & Petronila (2023) found that there was no difference in the efficiency ratio (which is proxied by total asset turnover) before and after mergers and acquisitions of non-financial companies on the IDX for the 2017-2019 period. Kurniati & Asmirawati (2022) found that there was no significant difference in efficiency ratio before and after mergers and acquisitions in public companies listed on the IDX and carrying out mergers and acquisitions between 2006 and 2015. Farranabila (2019) found that the efficiency ratio (by proxy total asset turnover) of companies does not differ between before and after mergers and acquisitions in companies listed on the Indonesia Stock Exchange that carried out mergers and acquisitions in 2014-2016. This research proposes the following hypothesis.

H4: There is a difference in efficiency ratios one year before and one year after mergers and acquisitions in go public companies in the Indonesian energy and consumer sector.

Liquidity Ratio Before vs. After Mergers and Acquisitions

Previous research results regarding differences in liquidity ratios before and after M&A are still mixed. Hamidah & Noviani (2013) found differences in liquidity ratios (using the current ratio proxy) in the period one year before,

two, four, and five years after mergers and acquisitions in non-financial companies listed on the Indonesian Stock Exchange and carrying out merger and acquisition activities. 2004-2006. Esterlina & Firdausi (2017) found differences in liquidity ratios before and after mergers and acquisitions. Several previous studies found that there were no significant differences in liquidity before and after mergers and acquisitions (Gozali & Panggabean (2019), Al Murtadho (2022), Dewi & Widjaja (2021), Hadyarti (2022), Leony & Petronila (2023)). Gozali & Panggabean (2019) found that the liquidity ratio showed no significant influence between before and after merger and acquisition activities in companies listed on the Indonesia Stock Exchange that carried out merger and acquisition activities in 2012-2013. Al Murtadho (2022) found no significant difference in liquidity between BUMN and BUMS companies after a merger or acquisition occurred. Dewi & Widjaja (2021) found that there was no difference in liquidity ratios 1 year before and 1 year after mergers and acquisitions. Hadyarti (2022) found no significant differences in liquidity ratios two years before and two years after carrying out mergers and acquisitions in manufacturing companies listed on the IDX for the 2016-2020 period. Leony & Petronila (2023) found no difference in liquidity ratios before and after M&A of non-financial companies on the IDX for the 2017-2019 period. This research proposes the following hypothesis.

H_5: There is a difference in liquidity ratios one year before and one year after mergers and acquisitions in go public companies in the Indonesian energy and consumer sectors.

3. RESEARCH METHODS

This study uses a quantitative approach. The population of this research is companies listed on the Indonesian Stock Exchange that carried out mergers and acquisitions from 2017 to 2021, with a particular focus on the consumer and energy sectors. The sample used in the research consists of 40 acquiring companies listed on the Indonesia Stock Exchange that underwent mergers and acquisitions from 2017 to 2021, with a specific focus on the consumer and energy sectors. The research sample consisted of 20 energy sector companies and 20 consumer sector companies that carried out mergers and acquisitions in the period 2017 to 2021. The sampling method employed is convenience sampling, which is a part of non-probability sampling techniques. Convenience sampling is a method of sampling from sources that are easily accessible and obtainable (Andrade, 2021). This method was chosen because the number of acquiring companies publicly listed in Indonesia is small, and information regarding the financial reports of some companies is not available. Therefore, the researcher utilized publicly listed acquiring companies with data available for one year before and one year after the merger

and acquisition events. The data in this study are secondary data obtained from the Center for Data Lab Revinitif Petra Christian University for one year before and one year after the mergers and acquisitions of the companies used.

Financial performance in this research is proxied by several ratios such as market prospect ratio, profitability, leverage, efficiency and liquidity. The market prospect ratio uses EPS and PER proxies (Hadyarti, 2022; Kurniati & Asmirawati, 2022; Hamidah & Noviani, 2013; Farranabila, 2019). The profitability ratio uses several proxies, namely ROA, ROE, NPM (Hamidah & Noviani (2013), Farranabila (2019), Bahri & Amnia (2020), Angela & Rachmawati (2021), Kusno et al. (2022), Al Murtadho (2022), Gozali & Panggabean (2019), Dewi & Widjaja (2021), Hadyarti (2022), Leony & Petronila (2023), Kurniati & Asmirawati (2022)). The leverage ratio uses debt-to-asset and debt-to-equity proxies (Herdina et al. (2023), Angela & Rachmawati (2021), Firmansyah & Layli (2023), Al Murtadho (2022), Dewi & Widjaja (2021), Hadyarti (2022), Gozali & Panggabean (2019), Leony & Petronila (2023)). The efficiency ratio uses proxies for asset turnover, fixed asset turnover, and working capital turnover (Al Murtadho (2022), Dewi & Widjaja (2021), Hadyarti (2022), Leony & Petronila (2023), Kurniati & Asmirawati (2022), Farranabila (2019)). The liquidity ratio uses the current ratio and working capital to total assets proxies (Hamidah & Noviani (2013), Herdina et al. (2023), Angela & Rachmawati (2021), Esterlina & Firdausi (2017), Gozali & Panggabean (2019), Al Murtadho (2022), Dewi & Widjaja (2021), Hadyarti (2022), Leony & Petronila (2023)).

The method used to analyze the data is descriptive with the assistance of SPSS 26 software. The data are presented in tables in numerical form to provide clear, structured, and easily understandable information. The T-test is used to compare two sets of related data, in this case, the performance data of companies before and after mergers and acquisitions. The procedure for this test involves calculating the average difference between the data sets and the standard deviation, which is then used to determine whether there is a statistically significant difference. Therefore, this test is highly suitable for use in this research.

4. RESULTS AND DISCUSSION

Results

Table 1 presents the results of tests of different market prospect ratios before and after mergers and acquisitions in Indonesian energy and consumer sector companies. The results of the different tests show significant differences in all market prospect ratio indicators. Indonesian energy sector companies showed a significant increase in earnings per share (EPS) from 0.016 before the merger to 0.032 after, with a decrease in the price-to-earnings ratio (PER) from 25,095 to 21,588. Statistically, this difference is significant with a p-value <0.1. Indonesian consumer sector companies also showed a significant increase in EPS, from 146,362 to 153,993, with a decrease in PER from 18,485 to 14,302. Although not as strong

as the energy sector, this difference is still significant with $p < 0.1$. Thus, mergers and acquisitions vary the ratio of market prospects's energy and consumer sector companies.

Table 2 presents the results of tests of different profitability ratios before and after mergers and acquisitions in Indonesian energy and consumer sector companies. The results of different tests show that there are significant differences in all profitability ratio indicators. Indonesian energy sector companies showed a significant change in return on assets (ROA) from 0.057 to 0.043 after the merger, while return on equity (ROE) decreased from 0.106 to 0.066. This significant change is in line with the decrease in net profit margin (NPM) from 0.088 to 0.047. Like the results for Indonesian energy sector companies, Indonesian consumer sector companies experienced a significant decline with $p < 0.1$ in ROA from 0.073 to 0.053, ROE from 0.141 to 0.102, and NPM from 0.072 to 0.054. Overall, mergers and acquisitions vary the profitability ratio of the two sectors, where the energy and consumer sectors show significant declines in ROA, ROE, and NPM.

Table 1
Market Prospect Ratio

No	Merger Company Sector	EPS			PER		
		Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)
1	Indonesian Energy Company Sector	0.016	0.032	0.016**	25.095	21.588	0.084*
2	Indonesian Consumer Company Sector	146.362	153.993	0.025**	18.485	14.302	0.063*

Note: ** significance at 5%, * significance at 10%

Table 2
Market Profitability Ratio

No	Merger Company Sector	ROA			ROE			NPM		
		Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)
1	Indonesian Energy Company Sector	0.057	0.043	0.042**	0.106	0.066	0.066	0.088	0.047	0.030**
2	Indonesian Consumer Company Sector	0.073	0.053	0.078*	0.141	0.102	0.072*	0.068	0.054	0.027**

Note: ** significance at 5%, * significance at 10%

Table 3 presents the results of tests of different leverage ratios before and after mergers and acquisitions in energy and consumer sector companies in Indonesia. The results of different tests show that there are significant differences in all leverage ratio indicators. Indonesian energy sector companies show a significant increase in their debt-to-asset ratio from 0.317 to 0.321 after the merger and a more pronounced increase in their debt-to-equity ratio from 1,000 to 1,135. Both changes were statistically significant with p values <0.1. In contrast, Indonesian consumer sector companies showed an increase in both ratios; namely, the debt-to-asset ratio increased from 0.271 to 0.287, and the debt-to-equity ratio increased from 0.721 to 0.778. Although this change is significant at $p < 0.1$, the difference is less substantial than in the energy sector. Thus, mergers and acquisitions show variability in differences in leverage ratios, where the energy sector experiences significant changes, especially in the debt-to-asset ratio. In contrast, the consumer sector significantly increases both leverage ratios.

Table 4 presents the results of different efficiency ratio tests before and after mergers and acquisitions. The difference test results show significant differences after mergers and acquisitions in Indonesian energy and consumer sector companies. Indonesian energy sector companies significantly increased asset turnover from 0.644 to 0.669 after mergers and acquisitions. This reflects better efficiency in asset utilization. In addition, fixed asset turnover also increased from 7,037 to 9,937, and working capital turnover from 2,941 to 3,827, with all three changes being statistically significant at $p < 0.05$. In consumption sector companies, a significant increase occurred in asset turnover from 1,064 to 1,105 and working capital turnover from 4,466 to 7,447 after mergers and acquisitions. Even though there was a decrease in fixed asset turnover from 2,918 to 2,807, the significant increase in the other two ratios shows an increase in efficiency in asset and working capital management. Thus, the efficiency ratio after mergers and acquisitions shows significant improvements in the energy and consumer sectors.

Tabel 3
Leverage Ratio

No	Merger Company Sector	Debt to Asset			Debt to Equity		
		Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)
1	Indonesian Energy Company Sector	0.317	0.321	0.084*	1.000	1.135	0.056*
2	Indonesian Consumer Company Sector	0.271	0.287	0.057*	0.721	0.778	0.063*

Note: ** significance at 5%, * significance at 10%

Table 4
Efficiency Ratio

No	Merger Company Sector	Asset Turnover			Fixed Asset Turnover			Working Capital Turnover		
		Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)
1	Indonesian Energy Company Sector	0.644	0.669	0.048**	7.037	9.937	0.011**	2.941	3.827	0.022**
2	Indonesian Consumer Company Sector	1.064	1.105	0.069*	2.918	2.807	0.061*	4.466	7.447	0.016**

Note: ** significance at 5%, * significance at 10%

Table 5
Liquidity Ratio

No	Merger Company Sector	Current Ratio			Working Capital to Total Asset Ratio		
		Pre	Post	Sig (2-tailed)	Pre	Post	Sig (2-tailed)
1	Indonesian Energy Company Sector	2.211	1.968	0.055*	0.173	0.145	0.019**
2	Indonesian Consumer Company Sector	2.253	1.631	0.015**	0.172	0.133	0.170

Note: ** significance at 5%, * significance at 10%

Table 5 shows the results of tests of different liquidity ratios before and after mergers and acquisitions in Indonesian energy and consumer sector companies. The results of different tests show that there are significant differences in all liquidity ratio indicators. Indonesian energy sector companies showed a significant decrease in the current ratio from 2,211 to 1,968 after mergers and acquisitions, reflecting a potential decrease in liquidity. In addition, the ratio of working capital to total assets also decreased from 0.173 to 0.145, and both changes are statistically significant at $p < 0.1$. In the consumption sector, changes in liquidity were more dramatic with a significant decrease in the current ratio from 2.253 to 1.631 and the working capital to total asset ratio from 0.172 to 0.133. Even though both changes are significant at $p < 0.05$, a sharp decrease in the current ratio indicates the potential for higher liquidity risk. Thus, the liquidity ratio after mergers and acquisitions shows a significant decrease in liquidity in both sectors, with a larger difference occurring in the consumption sector compared to the energy sector.

Discussion

Based on this research, there has been an improvement in the market prospect ratio in both sectors, namely energy sector companies and Indonesian consumers, after mergers and acquisitions. Significant changes in all market prospect ratio indicators, especially earnings per share (EPS) and price-to-earnings ratio (PER), indicate that the merger positively contributed to these companies' financial performance. The energy sector showed a significant increase in EPS, doubling from 0.016 to 0.032, while PER experienced a significant decrease from 25,095 to 21,588. This indicates that mergers and acquisitions increase profitability and share price efficiency per revenue. The consumption sector also experienced a significant increase in EPS and a decrease in PER, although not as strong as the energy sector. This finding aligns with research by Jallow et al. (2017), which states that there is a significant difference, namely an increase in EPS after mergers and acquisitions. Furthermore, research conducted by Kurniati & Asmirawati (2022) stated that PER one year after mergers and acquisitions had increased, although the difference was not significant. Thus, these findings support previous research literature, which shows that mergers can make a positive difference, especially in the market prospect ratio, using EPS and PER indicators, especially in terms of increasing EPS.

On the profitability ratio side, there was a decline in Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) one year after the merger and acquisition. The results of this different test show a significant change in the profitability ratio one year after the merger and acquisition. The energy sector shows a striking decline in Return on Assets (ROA) and Return on Equity (ROE), as well as Net Profit Margin (NPM) after mergers and acquisitions. Even though the ROE decreased significantly from 0.106 to 0.066, the ROA from 0.057 to 0.043 indicates a decrease in asset efficiency. The decrease in NPM from 0.088 to 0.047 reflects a decrease in net profit margin. Likewise, the consumer sector experienced a significant decline in ROA, ROE, and NPM, which had a negative impact on efficiency and profitability. This finding is in line with and supported by research conducted by Kurniati & Asmirawati (2022) which states that profitability ratios tend to decrease after mergers and acquisitions. These costs can pressure profitability significantly (Moeller & Schlingemann, 2005). Research shows that integration and transition costs after a merger are often higher than initially estimated. These costs involve harmonizing the two merging companies' systems, processes, and employees. These various factors can interact and contribute to a decline in company profitability after a merger. It is important to note that the impact of each factor may vary depending on the specific context of each merger and the characteristics of the companies involved.

The results also show significant differences in leverage ratios after mergers and acquisitions, namely the debt-to-asset and debt-to-equity ratios in Indonesian energy and consumer sector companies. The energy sector showed a significant increase in the debt-to-asset ratio. This reflects an increase in the debt-to-assets ratio from 0.317 to 0.321 and a more pronounced debt-to-equity ratio from 1,000 to 1,135. Although the impact is significant at $p < 0.1$, the consumer sector experienced a significant increase in both leverage ratios, although not as strong as the energy sector. These results reflect that mergers have different impacts on the energy and consumer sectors and produce variability in firms' financial structures. These results align with research conducted by Nurfauziah & Ainy (2018), which stated that the leverage indicators tested showed significant differences between before and after mergers and acquisitions. These results indicate that companies become more effective in using their equity to secure debt after mergers and acquisitions. In line with Hitt et al. (2015), the merger process often involves significant costs, such as acquisition costs, integration costs, and financial restructuring. Companies often choose to finance most or all of these costs through loans, which can increase the overall leverage ratio. Additionally, a company may have business expansion or diversification plans that require additional funding sources after a merger. Increasing debt can be a strategy to support this growth, although at the cost of increasing leverage ratios.

The market prospect ratio, leverage ratio, and efficiency ratio of Indonesian energy sector companies and consumers increased one year after the merger and acquisition. The energy sector is known to experience significant differences, namely an increase in asset turnover, fixed asset turnover, and working capital turnover after mergers and acquisitions, which reflects an increase in the efficiency of using assets and working capital. In contrast, the consumption sector showed a significant increase in asset turnover and working capital turnover, despite a decrease in fixed asset turnover. These results show significant differences between energy and consumer sector companies. These results are supported by research conducted by Larasati & Wirama (2018) which stated that the company's efficiency ratio increased one year after the merger and acquisition. Mergers and acquisitions can produce economies of scale, where costs per unit of production or service can be reduced (Mitchell & Mulherin, 1996). This can increase operational efficiency and optimize the use of company assets after mergers and acquisitions. Also, mergers can create operational synergies between merging companies (Hitt et al., 2015). Operational integration and pooling of resources can improve overall asset and operational efficiency, reflected in increased efficiency ratios.

However, the liquidity ratio showed different results, which experienced significant differences, namely a decrease one year after mergers and acquisitions for the two company sectors. In particular, a significant decrease in the current ratio and working

capital to total assets ratio in energy sector companies indicates a potential decrease in liquidity after mergers and acquisitions. Consumer sector companies' more drastic decline in both liquidity ratios indicates higher liquidity risk after mergers and acquisitions. This finding aligns with research conducted by Esterlina & Firdausi (2017) which found a decrease in liquidity ratio indicators one and two year after the merger and acquisitions. In the context of a merger, a company may have to meet new financial obligations, such as debt repayment or debt settlement of the acquired company. This can reduce liquidity. Furthermore, after a merger, companies may face higher levels of uncertainty regarding operational integration, organizational restructuring, and adaptation to a new culture. This uncertainty can make management more conservative in maintaining liquidity.

5. CONCLUSIONS AND SUGGESTIONS

Based on research findings, financial ratios have significant differences before and after Mergers and Acquisitions (M & A) in Indonesia's energy and consumer sectors. The findings of this research provide evidence that there is a difference in the market prospect ratio one year before and one year after mergers and acquisitions in companies going public in the Energy and Consumer sector in Indonesia. There was a significant increase in earnings per share (EPS) and a decrease in the price-to-earnings ratio (PER) in the energy and consumer sectors, indicating a positive impact of M&A on financial performance.

However, the second findings of this research show that differences in profitability ratios one year before and one year after mergers and acquisitions in companies going public in Indonesia's Energy and Consumer sectors still need to be fully proven. Even though there have been significant changes in Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), the results tend to show a decline in efficiency and profitability. This negative impact can be caused by high integration and transition costs after M&A, by previous research findings.

The third finding of this research shows differences in leverage ratios one year before and one year after mergers and acquisitions in companies going public in the Energy and Consumer sectors in Indonesia. There was a significant increase in the debt-to-asset ratio and debt-to-equity ratio in the energy and consumer sectors. This shows that Mergers and Acquisitions can affect the company's financial structure, and increasing debt can be a strategy to support integration costs and post-M&A growth.

The fourth finding of this research shows differences in efficiency ratios one year before and one year after mergers and acquisitions in companies going public in the Energy and Consumer sectors in Indonesia. There was a significant increase in asset turnover, fixed asset turnover, and working capital turnover, which reflects an increase in the efficiency of using assets and working capital. This supports the idea that M&A can create operational synergies and improve efficiency.

The fifth finding of this research shows differences in liquidity ratios one year before and one year after mergers and acquisitions in companies going public in the Energy and Consumer sectors in Indonesia. There was a significant decline in the current ratio and working capital to total asset ratio, which indicates higher liquidity risk after M&A in these sectors.

Future research is recommended to investigate further specific factors that may moderate the impact of M&A on energy, consumer, and other sectors to gain deeper insight into outcome variations. Thus, further research can contribute to understanding the impact of M&A on the financial performance of companies in Indonesia.

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