THE ANALYSIS OF EARNING MANAGEMENT AND FINANCIAL PERFORMANCE BEFORE AND AFTER THE ACQUISITION OF COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract
One strategy that companies can do to achieve a strong market is by improving company performance, strengthening capital conditions and expanding. This study aims to determine earnings management practices with a pattern of increasing profits before making acquisitions and differences in financial performance before and after companies make acquisitions. Samples are companies listed on the Indonesia Stock Exchange in 2016 to 2018 with a purposive sampling approach. Data were analyzed using IBM SPPS Statistics 23. The results of this study indicate that: (1) There is no earnings management practice by the acquirer by increasing the accrual value before and acquisition, (2) Financial performance proxied by CR, TATO, NPM, and DER, did not experience significant differences, both before and after the acquisition. (3) Financial performance, which is proxied by CR, NPM, TATO, DER, which is tested by Independent Paired Sample Test, shows that there is no significant difference before and after acquisition. (4) Financial performance, which is proxied by CR, NPM, TATO, DER, which is tested by the Wilcoxon Sign Rank Test shows that CR, DER and TATO, there are no significant differences before and after the acquisition. The Net Profit Margin experienced significant financial performance differences and experienced an increase before and after the acquisition.

Keywords: Acquisitions, Earnings Management, Financial Performance.

INTRODUCTION
Developments in the global era, increasingly rapid competition that encourages companies to be more creative in developing business excellence strategies in order to maintain its existence in the short and long term. In addition to the creativity of the company is also required to have a strong market. One of the strategies that the company can do to achieve a strong market is by improving company performance, strengthening its capital condition and expanding (Lani Dharmasetya and Vonny Sulaimin, 2009).

According to Novaliza and Djajanti (2013) one of the company's expansion strategies is by merging businesses to gain control over the assets or operations of the companies that merge. Business combination is expected to lead to synergies, increase market share, and business diversification. As global trends continue for industry consolidation, news about mergers and acquisitions is an everyday reality. The acquisition is a business combination in which one company, namely the acquirer, obtains control over the net assets and operations of the acquired company. Acquisitions are often regarded as investments in subsidiary companies, which is a majority control of shares of other companies to create a relationship between the parent company and its subsidiary, Scott (2000).

To measure the financial performance of a company generally focuses on financial statements
Information on financial performance is useful for predicting a company's capacity to generate cash flow from existing funding sources. Financial performance can be measured from periodic financial statements. The financial statements are in the form of a balance sheet, profit and loss, cash flow, and capital changes which together provide an overview of the company's financial position. By detecting the company's financial performance, we can identify the company's condition (James & John, 2014).

Another factor that can also affect earnings management is company size. The size of the company is a value that indicates the size of the company. There are two views about the shape of the relationship between company size and earnings management. The first view states that company size has a positive relationship with earnings management, because large companies have more complex operational activities than small companies, making it more possible to do earnings management (Erikson & Wang, 1999).

Profitability shows the company's ability to generate profits. Profitability is used as an indicator in assessing a company. In relation to earnings management, profitability can influence managers to conduct earnings management. Because if the company's profitability is low, generally managers will take earnings management actions to save performance in the presence of the owner. This is closely related to managers' efforts to show the best performance of the company they lead (Gunawan et al., 2015).

Changes that occur after the company makes an acquisition will usually appear in the company's performance and financial appearance. After the acquisition, the condition and financial position of the company has changed and this is reflected in the financial statements of the company that made the acquisition. Assessment of the success of the acquisition, can be seen from the company's performance after the acquisition, especially financial performance both for the acquirer company and the acquired company. The logical basis of accounting-based measurement is that if the scale increases in size coupled with the synergy that results from a combination of simultaneous activities, the company's profits will also increase so that the company's performance after the acquisition should be better than before the acquisition (Meta, 2010).

The acquisition decision has a major influence in improving the condition and performance of the company because the purpose of combining business through acquisition is to obtain synergy, namely the ability of two or more companies to create greater value through cooperation than they can achieve by working alone. With the joining of two or more companies can support business activities, so that the profits generated are also greater than if done alone. Large profits can strengthen the financial position of companies that make acquisitions. Therefore, one measure to assess the success of an acquisition is to look at the performance of the acquiring company after the acquisition, especially financial performance.

Sartono (2010) states that the analysis can be done by comparing the achievements of one period with the previous period so that trends can be identified during a certain period. This study uses four financial ratios namely liquidity ratios, activity ratios, profitability and solvency ratios. According to Husnan and Pudjiastuti (2006) liquidity ratios are used to measure a company's ability to meet short-term financial obligations. This ratio can be measured by the ratio of net working capital to total assets, current ratio, and acid test ratio. In this study the chosen ratio is the current ratio. This ratio compares current assets with current debt. According to Sartono (2010) the referred current assets include cash, receivables, securities and inventories. The higher the current ratio, the greater the company's ability to meet its short-term financial obligations.

Activity ratio shows how resources have been used optimally, then by comparing the activity ratio with industry standards, it can be seen the level of efficiency of the company in the industry. Measurement of activity ratios can be done with a period of collection of receivables, accounts receivable turnover, inventory turnover, fixed asset turnover, total asset turnover or total asset turnover (TATO) (Sartono, 2010). This study uses Total Asset Turnover (TATO) to measure the
activity ratio. TATO is one activity ratio that compares sales with total assets.
The solvency ratio serves to measure the proportion of the use of debt to finance its investment (Sartono, 2010). Measurement of solvency ratios can be done with debt ratio, debt to equity ratio (DER), time interest earned ratio, fixed charge coverage, and debt service coverage. In this study the chosen ratio is Debt to Equity Ratio (DER). DER is a ratio that compares total debt with total equity. Fatimah (2013) states, if there is an acquisition activity, financing through debt will be able to boost the company's strength in financing its company, because the company's ability to rely on its own capital is often limited. The better the company's performance, the company will be able to finance the company's debts.

LITERATURE STUDY

A. Definition of Acquisition

Based on Government Regulation Number 57 of 2010 concerning Merger or Consolidation of Business Entities and Takeover of Company Shares which Can Result in the Occurrence of Monopolistic Practices and Unfair Business Competition, acquisitions are legal acts undertaken by business actors to take over business entity shares resulting in the transfer of control over the entity the business. According to Dharmastya and Sulaimin (2008: 16) acquisition is a business combination in which one of the companies, namely the acquirer, obtains control over the net assets and operations of the acquired company by giving certain assets, recognizing an obligation or issuing shares.

Several types of acquisitions according to Gitman (2009) include: a. Horizontal Acquisition, is the acquisition of a similar company, which is a buying company that buys other companies of similar type of business. Usually such acquisitions are made because they want to enlarge the company's market share, b. Vertical Acquisition, i.e. the company buys another company that is not of the same type, but the company that is purchased will help the company to process its production, and c. Acquisition of a conglomerate, a company buys another company that has nothing to do with each other. In this case the buyer's company is overfunded and wants to make a corporate conglomerate.

B. Acquisition Motivation

Sartono (2010) explained that the motivation or reasons for companies to make acquisitions are as follows: a. Economies of Scale, the acquisition of a company can achieve economical scale of operations. The economic scale in question is the scale of operations with the lowest average costs. b. Improving Management, lack of motivation to achieve high profits, lack of courage to take risks often results in companies losing in increasingly fierce competition. The existence of an acquisition, the company can retain its employees only at the level needed so that the prosperity of shareholders can be increased. c. Tax Savings, Companies often have the potential to obtain tax savings, but because the company can never make a profit it cannot use it, d. Diversification, this method is indeed the easiest, namely by combining two different companies, then now has a larger type of business without having to do from the beginning. This diversification can reduce the effect of the company's profit cycle that is obtained, and e. Increase Corporate Growth Rate, which through company acquisition can increase growth. This is possible because of the mastery of a wider marketing network, better management and higher efficiency.

According to Husnan and Pudjiastuti (2006: 395) the main reason for companies to make acquisitions is economic motives, in other words if we are going to buy another company, then the purchase can only be justified if the purchase benefits us. This mutually beneficial condition will occur if the acquisition event is obtained synergy.
C. Profit Management

Earnings management is a phenomenon where managers can choose certain accounting policies with the intention of maximizing their welfare or increasing the value of the company (Scott, 2009). Scott divides the way of understanding earnings management into two. First, see it as opportunistic behavior of managers to maximize their utility in dealing with compensation contracts, debt contracts and political costs (Opportunistic Earning Management). Second, by looking at earnings management from the perspective of efficient contracting (Efficient Earnings Management), where earnings management gives managers a flexibility to protect themselves and the company in anticipating unexpected events for the benefit of parties involved in the contract.

Sulistyanto (2008) explains earnings management is an effort by company managers to intervene or influence information in financial statements with the aim of tricking stakeholders who want to know the performance and condition of the company. According to Sugiri (1998) in Widyaningdyah, 2001) the definition of earnings management is twofold, namely the definition narrow and broad definition. The narrow definition, earnings management as the manager's behavior to "play" with the discretionary accrual component in determining the amount of earnings. While in a broad sense, earnings management is the manager's actions to increase (decrease) the reported earnings of a unit, where the manager is responsible without causing an increase (decrease) in the long-term economic profitability of the unit.

D. Profit Management Motivation

Lestari (2011) explained that the reasons or motivations for doing earnings management include: a. Earnings management can increase shareholder confidence in managers. Earnings management is closely related to the level of profit or business achievement of an organization, this is because the level of profit or profit is associated with management achievements and also the size of the bonus that will be received by managers. b. Earnings management can improve relations with creditors. Companies that are threatened with default that is unable to meet their debt repayment obligations in time, the company tries to avoid it by making policies that can increase revenue and profits, and c. Earnings management can attract investors to invest their capital especially in companies going public during an IPO (Initial Public Offering).

E. Profit Management Pattern

Basically, there are four basic patterns in earnings management, namely: a. Taking a Bath, which in this pattern, makes the company's profit in the current period to be extremely low (loss) and even very high compared to the previous period. Management must write off certain assets and charge estimated future costs on the current report. In addition, it must clear the desk or hide existing evidence, so that reported earnings in the next period increase, b. Income Minimization, where the pattern of earnings management is done by making profits in the current period's financial statements lower than the actual profit. This is done when the profitability of the company is very high. This was done in order to get political attention. c. Income Maximization, this action is carried out when profits decline in addition to getting a bigger bonus, this method can also protect the company when violating debt agreements. The actions taken by management by manipulating data in the report. This income minimization is done to accelerate the income delay costs, and move costs to other periods so that it looks high profit, and d. Income Smoothing, This pattern of income smoothing is one that is done to make accounting income relatively consistent (flat or smooth) from period to period perhaps the most attractive form. This is done by leveling reported earnings for external reporting purposes, especially for investors because investors generally prefer relatively stable labar.
F. Financial Performance

The company's success in the acquisition can also be seen from the company's financial performance. The company's financial performance can be known through financial ratio analysis. As revealed by Sartono (2010) that the analysis can be done by comparing the achievements of one period with the previous period so that it can be seen the tendency during a certain period. He further asserted that the analysis and interpretation of various ratios can provide a better view of the financial condition and performance of the company than an analysis that is only based on financial data that is not in the form of ratios. Based on the above opinion it can be interpreted that financial performance can be measured from 4 ratios namely profitability, liquidity, activity and solvency ratios.

Profitability ratio is a ratio used by companies to measure the level of success of the company in obtaining profits at the level of sales, assets and existing capital. Profitability is measured by Net Profit Margin (NPM), which is the ratio used to measure the ability to generate net income in companies (2011). Liquidity ratios can be measured by Current Ratio (CT) which is a ratio to measure a company's ability to pay short-term liabilities or debt that are due immediately when billed as a whole (Kasmir 2011). It is also where this ratio is used to measure the ability of current assets to compare with current debt (Wiratna, 2019).

The activity ratio is measured by Total Asset Turnover (TATO), the ratio is used to measure the turnover of all assets owned by the company and to measure the amount of sales obtained from each asset rupiah (Kasmir, 2011). Meanwhile, according to Riyanto (2008: 32) the company's solvency shows the company's ability to meet all financial obligations if the company is liquidated at that time. Then according to Sartono (2010: 120) the solvency ratio serves to measure the proportion of the use of debt to finance its investment.

RESEARCH METHOD

Location and Research Design

The object of this research is non-financial companies listed on the Stock Exchange for the period of 2016-2018. This study uses a quantitative approach, with the nature of the study is causal which aims to measure the strong relationships and influences between variables in the study. Before measuring the strong relationship and influence between the independent variable and the dependent variable, each variable is defined and measured based on its proxies.

Population and Sample

The population in this study are all non-financial companies that carry out acquisition activities listed on the Indonesia Stock Exchange in 2016 to 2018 with a total of 147 companies. The reason for not using a company engaged in the financial sector is because the format of financial statements in the financial sector is different from other sectors. Sampling in this study was carried out by non-probability sampling with a purposive sampling approach, namely non-random sampling, based on individual considerations or the consideration of researchers (Sudjana, 2002). The sample is part of the population whose characteristics will be examined and considered to be representative of the entire population. The sampling technique in this study uses purposive sampling with the following conditions: Non-financial companies listed on the Indonesia Stock Exchange (BEI) for the period 2016-2018:

Method of collecting data

The method used in this study uses the method of non-participant observation by reading, collecting and recording data, as well as information needed in the financial statements obtained by
accessing the sites and [www.google.com](http://www.google.com) and data on share prices obtained from the Indonesian Capital Market Directory (ICMD), idx statistics, [www.idx.co.id](http://www.idx.co.id).

**Data analysis method**

1. **Descriptive statistics**
   Descriptive statistics are statistics that are used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Descriptive statistics can also be made to look for the strength of the relationship between variables through correlation analysis, make predictions with regression analysis, and make comparisons by comparing the average sample data or population of Sugiyono (2012: 31). This test is done by testing the financial ratios before and after the acquisition. The results of this test are expected to find out whether there is a significant effect on the financial performance of the acquirer before the acquisition and after the acquisition.

2. **Normality Test**
   The purpose of the normality test is to determine whether the distribution of a data follows or approaches the normal distribution, namely the distribution of data in the form of bells Situmorang and Lufti (2012: 101). To detect the normality of data can be done by using the Kolmogorov-Smirnov Test method. The purpose of this test is to find out whether the samples used in this study are normally distributed or not.

**RESEARCH RESULT**

1. **Data Normality Test**
   To find out whether the sample used in this study is normally distributed or not, then the significance level used is 5% or 0.05. Data is stated as normal distribution if the significance is more than 0.05. While data with significance less than 0.05 is declared abnormal.

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<th>DA</th>
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<tbody>
<tr>
<td>Mean</td>
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<tr>
<td>Std. Deviation</td>
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<tr>
<td>Most Extreme Differences</td>
<td>Absolute</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>Test Statistic</td>
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</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000'c</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
From table 1 namely the data normality test results, it appears that the earnings management variable is normally distributed. Thus, for testing the earnings management hypothesis using the independent paired sample test. Then the normality test data for financial performance can be presented through the following table:

<table>
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<tr>
<th>N</th>
<th>23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Parameters</td>
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<tr>
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<td>Absolute</td>
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<td>Positive</td>
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<tr>
<td>Negative</td>
<td>-0.101</td>
</tr>
<tr>
<td>Test Statistic</td>
<td></td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.200&lt;sup&gt;c,d&lt;/sup&gt;</td>
</tr>
<tr>
<td>Monte Carlo Sig. (2-tailed)</td>
<td>0.916&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

2. Independent Sample T-Test Analysis

a) Profit Management

Based on the independent sample test output table in the equal variances assumed section known Sig. (2-tailed) valued at 0.693> 0.05 then as the decision was made the hypothesis was rejected. Therefore, it can be concluded that there is no difference and there is no action on earnings management by significantly increasing or decreasing between before and after the acquisition.

b) Current Ratio

In the Current Ratio independent sample test before with an average value of 2.29 and after an average value of 1.68 where the value has increased after acquisition, while the correlation shows the value of 0.440, Sig. 0.169, because> 0.05, it can be concluded that the hypothesis is rejected even though the current ratio before and after the increase, but there is no action and differences in financial performance before and after not significantly different.

c) Net Profit Margin

Net Profit Margin before acquisition has a standard deviation of 0.859 and 1.014, indicating that the average effectiveness of the company in generating profits with increased sales. With a standard average of 0.179 before and 0.211 after, whereas net profit margins after acquisition with that value increase indicate that the average effectiveness of the company has increased. With a standard deviation of 0.399 and a correlation value of -0.141, T = 1.350 and Sig. 0.191 so that actions before and after did not experience significant action and are not different. Because Sig> 0.05, it can be concluded that the hypothesis is rejected, which means the financial ratio of Net Profit Margin before and after does not differ significantly.
d) Total Turnover Asset

Total asset turnover before acquisition has an average value of 0.58 before and 0.77 after showing that the average effectiveness of the company in generating profits with average assets and sales increases with sufficient achievement. With a standard deviation of 0.457 before and 0.810 after with an increasing value indicates that the average effectiveness of the company has increased. With a standard deviation of 0.476 and a correlation value of 0.862 $T = -1.953$ and Sig. 0.064 because $> 0.05$ it can be concluded that the hypothesis is rejected even though it is close to 0.05 average ratio before and after.

DISCUSSION

1) Analysis of Independent Sample T-Test

Based on the results of the statistical independent sample test, there is no difference and there is no earnings management action by significantly increasing or decreasing between before and after the acquisition. Earnings management is governed by agency theory which states that managers have asymmetric information when managers have relatively more internal company information and know that information relatively quickly compared to external parties, in such conditions the manager can use the information he knows to make financial statements in efforts to maximize prosperity, management achievements, and mislead owners (shareholders) regarding the achievement of (profit) positive relationship management earnings.

However, in this study the management did not make use of asymmetric information so that no earnings management practices were carried out by the acquiring company. The company performance figures that greatly affect the reputation (image) of the company so that the impact on stock prices in the capital market are: Profit (profit) and revenue growth. Managers who provide financial reports reflect activities that can be classified as fraud if (1) Reporting fictitious sales, (2) Reporting sales when unfinished products are shipped, (3) Not recording sufficient costs, (4) Conducting barter transactions where goods or services are valued as overvalued or undervalued, (5) Higher valuation of assets, (6) Completely inaccurate cost capitalization.

Then to find out whether there are differences in financial performance in terms of company liquidity, namely from the current ratio in the period of 3 years before and 3 years after the acquisition. Tests for the current ratio are done using paired sample t-test test results obtained that there is no significant difference in the company's current ratio variables before and after acquisition, based on data obtained. But the statistical results before the acquisition of the company's ability to meet current debt either before the acquisition or the condition of the liquid company even after the acquisition where the average value of the company increased. So that before and after the acquisition of the company is in a liquid state and has increased significantly in the period before and after the acquisition. This condition will have a positive impact on the company because of the increasing trust of other parties such as financial institutions so that they are willing to lend funds, because borrowers have confidence in the company in lending funds with sufficient capital to be used as debt security despite the performance before and after no financing significant. This means that the acquisition process creates a synergy expected by the company such as the acquisition goal because the company's average activity has increased.

In terms of Net Profit Margin, before and after did not differ significantly. This research shows that the company's net profit margin before and after the acquisition has increased even though the hypothesis were rejected. Based on the data obtained, this happens because the company's sales and net profits increase after the acquisition and provide progress for the company. The statistical results should be with the acquisition, the company's assets are combined, the management that joins are also expected to be more effective and efficient, then the company's
ability to manage its assets and increase profits will be better, which is marked by a significant
difference in the net profit margin variable. However, because there were no significant differences,
due to increased labor costs and overhead costs and rising raw material costs, the company's operating
conditions declined, meaning that the acquisition process had not created the expected synergy in
accordance with the acquisition objectives.

The Total Asset Turnover ratio shows that there is no significant difference in the company's
total asset turnover before and after the acquisition, based on the data obtained, this happens because
the company's sales and fixed assets tend to increase in assets and sales in the post acquisition period.
With the acquisition, the statistical results on average after the acquisition reflects an increase in the
company's ability to generate profits by turning assets into cash even though the obligations to be
paid are also getting bigger. Companies making acquisitions are expected to be more effective and
efficient, so the company's ability to manage its assets should be better, which is marked by a
significant difference in the total asset turnover variable. But there is no significant difference even
though the assets have increased, this means that the acquisition process has not created the expected
synergy in accordance with the main objectives of the acquisition.

Whereas the debt to equity ratio (DER) shows that there is no significant difference in the debt
to equity ratio variable where 0.210> 0.05 companies before and after the acquisition, based on the
data obtained. The statistical results on average after the acquisition reflects that the company's
operational activities are largely financed by debt. Because the total debt and equity of the company
that in paying debt and cash activity has increased. Reflecting the increase in corporate profits
obtained from each share increased after making an acquisition. And this provides benefits for the
company because from the perspective of investors, the company's good future prospects are reflected
in an increase in the ratio. After the company engages in acquisition activities, it is expected that
synergy can be achieved so that the company's use of debt can be minimized. Although the test results
show that there is no significant difference, it means that the acquisition has not provided an increase
in company performance.

2. Analysis of the Wilcoxon Signed Rank test

To find out the actions of the company's financial ratios in the period before and after the
acquisition in terms of the Current ratio shows that the optimal current ratio in using the company's
current assets to pay off the company's current debt after the acquisition. But because before the
acquisition of the company's ability to meet its current debt well before the acquisition or liquidity of
the company so even after the acquisition where the average value of the company increased. So that
before and after the acquisition of the company is in a liquid state and has increased significantly in
the period before and after the acquisition. This condition will have a positive impact on the company
because of the increasing trust of other parties such as financial institutions so that they are willing to
lend funds, because borrowers have the trust of the company in lending funds with sufficient capital
to be used as collateral for debt. This means that the process has the expected impact on the company
such as the acquisition goal even before and after not experiencing a significant difference.

In terms of the Net Profit Margin from the calculation of the Wilcoxon Signed Rank Test
before and after the acquisition there is a significant profit difference before the acquisition and after
the acquisition, with a decrease in the average value means that the acquisition activity provides
increased profit and the right investment strategy for the company to make the acquisition because it
has provided economic changes increase in profits and long term in the acquisition process.
Then for the total asset turnover results from the calculation of the Wilcoxon Signed Rank Test, there were no significant before and after differences between the pretest and posttest groups. This means that the higher the sales ratio, the higher the ability of the company's assets and activities to show how resources have been utilized optimally. Thus the acquisition activity causes an increase in the variable total asset turnover ratio even though there is no significant difference, but the ability of the company's activity is relatively stable. From the acquisition it is also hoped that differences will provide synergy so that equality in sales and company assets will be sufficient to support the company's stock price and long-term.

While in terms of the Debt to equity ratio from the calculation of the Wilcoxon Signed Rank Test, it shows that before and after the acquisition the company has not fulfilled all its obligations before and after the acquisition, and experienced additional capital, the acquisition in this study has not provided a synergy and positive impact on the company.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion previously presented, the conclusion in this study is that there is no earnings management practice by the acquiring company by increasing the accruals (income increasing accruals) before and acquisition. Financial performance which is proxied by Current Ratio, Total Asset Turnover, Net Profit Margin and Debt To Equity Ratio did not experience significant differences even though statistically the values experienced changes and the values increased differently both before and after the acquisition. Net profit margin has decreased after the acquisition compared to before the acquisition means that the acquisition has not created changes and provided positive synergy for the company, while the Current Ratio, Total Asset Turnover and Debt to Equity Ratio increased after the acquisition compared to before the acquisition, although there was no significant difference. Means the company is liquid and experiencing changes and provides positive synergies for the company before and after the acquisition. Financial performance as measured by Current Ratio, Net Profit Margin, Total Asset Turnover, Debt to Equity Ratio, which is tested by Independent Paired Sample Test, shows no significant difference before and after acquisition with the observation period three years before and three years after acquisition.

Financial performance as measured by Current Ratio, Net Profit Margin, Total Asset Turnover, Debt to Equity Ratio, which is tested by Wilcoxon Sign Rank Test shows where Debt to Equity Ratio and Current Ratio, Debt to Equity and Total Asset Turnover, there is no difference significant before and after the acquisition with an observation period of three years before and three years after the acquisition because the acquisition has not created changes for the company. While Net Profit Margin experienced significant differences in financial performance and experienced an increase before and after the acquisition. Therefore, suggestions that can be used as input to review, namely: for Issuers, companies should not hesitate to make acquisitions if they want to expand their business but are accompanied by surveys and accuracy in selecting companies. For investors, before investing, investors must be observant in seeing the future of the company that will be acquired. Investors should be more careful in responding to the acquisition activities carried out by the company, because the acquisition does not always have a good impact on the company that made the acquisition, but it can also be the case. For further researchers, it is necessary to add research variables such as other financial ratios and further extend the observation year from 3 years to 4 to 5 years. In addition, it is best to take measurements with other methods of earnings management and add financial ratio variables to measure financial performance and increase the period of research, so as to improve the quality of research results.
REFERENCES


