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PERFORMANCE OF PT SEMEN INDONESIA (PERSERO) TBK. RESULTS OF THE MERGER OF BUMN IN THE CEMENT INDUSTRY SECTOR

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ABSTRACT

This study aims to determine what variables have the most influence on mergers in state-owned companies and see whether the merger makes the company better or not. This research was conducted by using the analysis of the Different Paired Sample t-Test. The merger carried out by BUMN in the Cement Industry sector took place in 2012. The study uses data from IDX data from the annual company financial statements from 2007-2017. Financial performance that affects the result of the merger is the Liquidity Ratio (Cash Ratio) with a value of Sig = 0.000 < Level of Significant = 0.05, Leverage Ratio (DER) with a value of Sig = 0.001 < Level of Significant = 0.05, Profitability Ratio (ROA and ROE) with Sig values = 0.011 and 0.017 < Level of Significant = 0.05, Profitability Ratio (ROA and ROE) with Sig values = 0.011 and 0.017 < Level of Significant = 0.05.

KEYWORDS: Merger, Financial Performance, Paired Sample t-Test, Cement Industry BUMN.

INTRODUCTION

State revenues in the State Revenue and Expenditure Budget (APBN) consist of tax revenues, non-tax state revenues (PNBP), and grant receipts. PNBP consists of revenues from natural resources, the government's share of the profits of State-Owned Enterprises (BUMN), other PNBP, and revenues from Public Service Agencies (BLU). One of the sources of PNBP comes from the government's receipt of the SOE's share of profits or the government's share of SOE dividends. According to Law Number 19 of 2003 concerning BUMN.

Various efforts can be made to improve the performance of SOEs, including privatization, restructuring, and privatization. Specifically for restructuring, there is a choice of methods such as the formation of holding companies, mergers, consolidations and takeovers (mergers and acquisitions), initial public offerings (IPOs), sales to strategic partners (strategic sale), sales to management, management contracts and other strategic alliances. (Pranoto and Makaliwe, 2013).

In Indonesia, there are currently several SOEs that have restructured holdings with merger activities. In connection with the holding company restructuring strategy, in 2012, an Extraordinary General Meeting of Shareholders (EGMS) was held to form a strategic holding group from PT Semen Gresik (Persero) Tbk to PT Semen Indonesia (Persero) Tbk, which is also a merger of three companies namely PT Semen Gresik (Persero) Tbk, Semen Padang, and Semen Tomasa.

It starts with the government's policy to unite several similar SOEs. The government ensures that it does not wish the formation of a BUMN holding (merger) to be detrimental to state companies but instead hopes to gain profits and be able to compete with foreign companies operating in Indonesia to obtain optimal results.

Researchers want to know what variables have the most influence on mergers in BUMN companies and see whether the merger makes the company better or not, which in this study are BUMN in the cement industry sector.

THEORETICAL FOUNDATION

1. Merger Theory

Livermore first put forward the merger theory in the Journal of The Success of Industrial Mergers in 1935. He started from a distrust of the " Trust Movement " concept in 1900, only a handful of big powers with great monopolies. Meanwhile, another opinion stated that the merger's success was spearheaded by good leadership. The theory has several points, including avoiding mistakes in managing the company and about good leadership. Prior to Livermore's theory, mergers had been applied to the trading world and were divided into 5 Waves (Gaughan: 2017).

2. Acquisition Theory

The acquisition comes from the words "acquisition" (Latin) and "acquisition" (English). The literal meaning of acquisition is to buy or get something/object added to something previously owned. Acquisition in business terminology is defined as the takeover of ownership, control of shares, or assets of a company by another company if either the takeover company or the takeover company continues to exist as a separate legal entity (Moin, 2003).

3. Performance Analysis Method with Financial Ratios

The company's financial performance is measured by its efficiency proxied by several benchmarks, which are reflected in the financial statements (Machmoedz, 1999). Financial performance is an illustration of the achievement of the company's success can be interpreted as the results that have been achieved on various activities that have been carried out. It can be explained that financial performance is an analysis carried out to see how far a company has implemented using financial implementation rules properly and correctly (Fahmi, 2012).

According to Brigham and Houston (2001), the company's financial performance is measured by using financial ratio analysis to determine the advantages of the company's strengths and simultaneously correcting the company's weaknesses. With this, it is expected to show the relationship of a financial report in a balance sheet and or income statement. Furthermore, the financial ratios used in measuring the company's performance before and after the merger in this study are liquidity ratios, leverage ratios, profitability ratios, activity ratios, and market value ratios.

4. Financial Aspect Assessment Indicators

The assessment of the financial aspects of SOEs includes several indicators according to the Decree of the Minister of State-Owned Enterprises Number: KEP-100/MBU/2002 concerning the Assessment of the Health Level of SOEs. These indicators are.

a) Return to shareholders (ROE).
b) Return on investment (ROI).
c) Cash Ratio (Cash Ratio).
d) Current Ratio (Quick Ratio).
e) Collection Period.
f) Inventory Turnover (Inventory Turnover Ratio).
g) Total Asset Turnover (Total Asset Turnover).

h) The ratio of own capital to total assets.

5. SOE restructuring

In the Decree of the Minister of Finance number 740/KMK.00/1989, it is stated that increasing the efficiency and productivity of SOEs can be carried out through restructuring. The SOE restructuring program aims to improve state enterprises' profits, health, and service quality. The target of this program is to improve the business efficiency and competitiveness of SOEs as well as to create strong partnerships between SOEs and other businesses. From the SOE restructuring program, it is hoped that the optimal number of SOEs will be obtained, both in terms of the interests of the state and society. This arrangement can be carried out with stand-alone policies, mergers, holdings, divestments, and liquidations.

On the other hand, based on Law No. 19 of 2003 concerning SOEs, it is stated that restructuring is an effort made in an attempt to restructure SOEs, which is an effort made to rehabilitate the internal condition of SOEs so that they can improve performance and increase company value. With this increase, SOEs can provide benefits in the form of dividends and taxes to the state, competitive products and services for consumers, and ultimately attract participation in the privatization program.

6. Previous Research

Machrus Ali Marzuki and Nurul Widyawati (2013) concluded that the overall results of the calculation of the financial ratios showed an increase after the acquisition/merger. The general implication of this research is that an increase in financial performance after the acquisition/merger indicates that the company's primary motive for making an acquisition/merger is an economic one so that the objective is fully achieved. Furthermore, Stephen Njuguna Mboroto (2013) concluded that oil companies are better off in the post-merger/acquisition era compared to pre-merger/acquisition. This is supported by the fact that mergers/acquisitions have a significant impact on ROA, which is a standard measure of overall financial performance due to the statistical significance it has on ROA as well as the ratio of total assets. On the other hand, mergers/acquisitions appear to have a significant positive effect on the liquidity and solvency of petroleum companies.

In addition to the national journal research above, the author also uses several international studies, including the research of Ghaya Ondieki Joash and Mungai John Njangiru (2015), concluding that mergers and acquisitions raise shareholder value from bank mergers/acquisitions in Kenya. Further research reveals that the main reason why most banks are merged or acquired is to increase their profitability. Then the research of KB Singh (2013) concluded that the merger is a long-term improvement in the company's financial performance. Mergers and acquisitions are an effective method of corporate restructuring and should be an integral part of any long-term corporate business strategy in India.

7. Framework

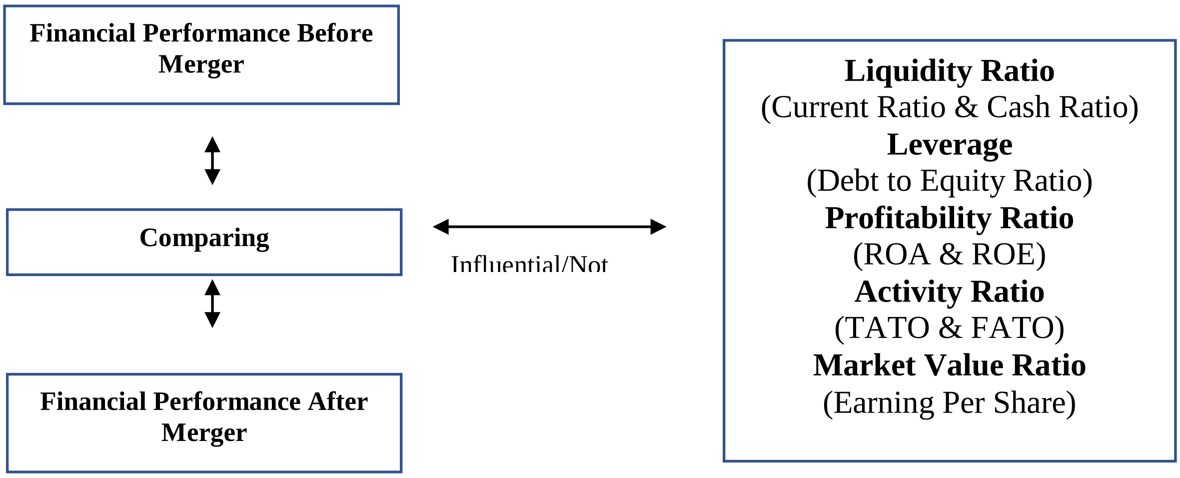

Figure 1: Research framework.

RESEARCH METHODS

This type of research is comparative research. This research will examine the differences in financial performance before and after the merger in the long term, namely for five years before and after the merger. The variables in this study are independent.

This study empirically analyzes the comparison of the company's financial performance before and after the merger. Therefore, it is necessary to test the hypotheses that have been proposed. Hypothesis testing is carried out according to research and analysis methods designed according to the variables studied in order to get accurate results. In this study, the variables used are.

1. Liquidity Ratio

a) Current Ratio

b) Cash Ratio

2. Leverage Ratio

a) Debt to Equity Ratio

3. Profitability Ratio

a) Return On Assets (ROA)

b) Return On Equity (ROE)

4. Activity Ratio

a) Total Assets Turnover (TATO)

b) Fixed Assets Turnover (FATO)

5. Market Value Ratio

a) Earnings Per Share (EPS)

RESEARCH RESULTS AND DISCUSSION

The stages of data processing will then be analyzed about the variables that affect the merger at the company PT. Semen Indonesia (Persero) Tbk, the merger occurred in 2012. The data used is secondary data obtained from the IDX. The company's financial statements PT. Semen Indonesia (Persero) Tbk. is listed on the Indonesia Stock Exchange (IDX) in 2007-2017, so the sample in this study is the company PT. Semen Indonesia (Persero) Tbk. is listed on the Indonesia Stock Exchange (IDX).

The sampling of this research was carried out using the purposive sampling method, namely the selection of the sample was not random, but by using certain considerations and criteria set by the researcher, namely the company PT. Semen Indonesia (Persero) Tbk., which are listed on the IDX in 2007-2017.

1. Descriptive Analysis

Table 1: **Descriptive Statistics of Research Variables.**

Variabel	***Minimum***	***Maximum***	***Mean***	**SD**
Liquidity Ratio:	-	-	-	-
Current Ratio	2,87	264,65	113,0280	101,56286
Cash Ratio	0,35	1,95	1,0925	0,56806
Leverage Ratio (DER)	0,15	0,61	0,3380	0,13967
Profitability Ratio:	-	-	-	-
ROA	4,17	25,68	17,3310	6,82940
ROE	6,71	32,62	23,2630	8,29591
Activity Ratio :	-	-	-	-
TATO	0,001	1,19	0,7501	0,33033
FATO	-0,10	3,80	1,5971	1,21838
Market Ratio (EPS)	339,54	938,35	644,5590	200,57455

Source: Descriptive Statistical Data Processing Results, 2021.

Based on Table 1 above, the following can be explained:

a) The average Liquidity Ratio (Current Ratio and Cash Ratio) are 113.0280 and 1.0925, respectively, the minimum values are 2.87 and 0.35, the maximum values are 264.65 and

1, respectively, 95, and the standard deviation of 101.56286 and 0.56806, respectively, with the number of observations (n) of 10 each. The average value of the Liquidity Ratio is close to the standard deviation of 101.56286 and 0.56806, thus the deviation Low Liquidity Ratio data.

b) The average Leverage Ratio (DER) is 0.3380, the minimum value is 0.15, the maximum value is 0.61, and the standard deviation is 0.13967 with the number of observations (n) each of 10. The average value of The Leverage Ratio is close to the standard deviation value of 0.13967. Thus the deviation of the Leverage Ratio data is low.

c) The average Profitability Ratio (ROA and ROE) is 17.3310 and 23.2630, respectively. The minimum value is 4.17 and 6.71, the maximum value is 25.68 and 32.62, and the standard deviation is respectively 6.82940 and 8.29591 with the number of observations (n) of 10 each. The average value of the Profitability Ratio is close to the standard deviation of 6.82940 and 8.29591; thus, the deviation of the Profitability Ratio data is low.

d) The average Activity Ratio (Total Assets Turnover (TATO) and Fixed Assets Turnover (FATO)) are 0.7501 and 1.5971, respectively, the minimum values are 0.001 and -0.10, the maximum value is 1, 19, and 3.80, and the standard deviation is 0.33033 and 1.21838 with the number of observations (n) each 10. The average value of the Activity Ratio is close to the standard deviation of 0.33033 and 1.21838. thus the deviation of the Activity Ratio data is low.

e) The average Market Value Ratio (Earning Per Share (EPS)) is 644.5590, the minimum value is 339.54, the maximum value is 938.35, and the standard deviation is 200.57455 with the number of observations (n) each of 10. The average value of the Market Value Ratio is close to the standard deviation of 200.57455; thus, the deviation of the Market Value Ratio data is low.

Inferential Analysis

a. Normality test

The normality test aims to test whether in the regression model the dependent variable and the independent variable have a normal distribution or not. A good regression model is to have a normal data distribution or close to normal (Ghozali, 2016). To test for normality, we can analyze the value of the Kolmogorov Smirnov Test. The basis for decision making is, if the probability value > 0.05, then the regression model meets the assumption of normality, then the regression model meets the assumption of normality and vice versa.

The results of the normality test with the Kolmogorov Smirnov Test are as follows.

Table 2: Normality Test Results with Kolmogorov Smirnov Test.

Variable	Sig.	Critical Value	Description
Before Merger			
Current Ratio	0,216	0,05	Normality
Cash Ratio	0,981	0,05	Normality
DER	0,759	0,05	Normality
ROA	0,957	0,05	Normality
ROE	0,960	0,05	Normality
TATO	0,690	0,05	Normality
FATO	0,971	0,05	Normality
After Merger			
Current Ratio	0,968	0,05	Normality
Cash Ratio	0,992	0,05	Normality
DER	0,817	0,05	Normality
ROA	0,994	0,05	Normality
ROE	0,997	0,05	Normality
TATO	0,966	0,05	Normality
FATO	0,947	0,05	Normality

Source: Attachment of Normality Test Results, 2021.

Based on the results of the normality test with the Kolmogorov Smirnov test above, it can be seen that the probability value is > 0.05, then the regression model meets the assumption of normality.

b. Homogeneity Test

The results of the homogeneity test with the Levene Test are as follows.

Table 3: Homogeneity Test Results with Levene Test.

Variable	Sig.	Critical Value	Description
Current Ratio	0,120	0,05	Homogeneity
Cash Ratio	0,579	0,05	Homogeneity
DER	0,601	0,05	Homogeneity
ROA	0,208	0,05	Homogeneity
ROE	0,144	0,05	Homogeneity
TATO	0,126	0,05	Homogeneity
FATO	0,164	0,05	Homogeneity
EPS	0,296	0,05	Homogeneity

Source: Appendix of Homogeneity Test Results, 2021.

Based on the results of the homogeneity test with the Levene Test above, it can be seen that the probability value is > 0.05. The regression model meets the assumption of normality.

Difference Test Analysis

The analysis in this study is the analysis of the Different Paired Sample t-Test. This analysis is used to determine the effect of the merger on the Liquidity Ratio, Leverage Ratio, Profitability Ratio, Activity Ratio, and Market Value Ratio. The concept of influence in this study is to examine differences in Liquidity Ratio, Leverage Ratio, Profitability Ratio, Activity Ratio, and Market Ratio before and after the merger.

Based on the results of calculations using the SPSS for Windows computer statistical program, the following results were obtained:

Table 4: Test Results Paired Sample t-Test.

Variable	t-stats	Sig.
Liquidity Ratio:		
Current Ratio	-10,990	0,117
Cash Ratio	120,024	0,000
Leverage Ratio (DER)	-90,418	0,001
Profitability Ratio:		
ROA	40,535	0,011
ROE	30,914	0,017
Activity Ratio :		
TATO	0,526	0,627
FATO	10,430	0,226
Market Ratio (EPS)	-10,331	0,254
N = 10.		

Source: Multiple Linear Regression Data Processing Results, 2021.

Based on the results of data processing, the value of Sig = 0.117 > Level of Significant = 0.05, then Ho is accepted, or Ha is rejected, meaning that it is concluded that there is no significant difference in Liquidity Ratio (Current Ratio) before and after the merger of PT. Semen Indonesia (Persero) Tbk. While the obtained value of Sig = 0.000 < Level of Significant = 0.05, then Ho is rejected or Ha is accepted, meaning that it is concluded that there is a significant difference in Liquidity Ratio (Cash Ratio) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

Based on the results of data processing, the value of Sig = 0.001 < Level of Significant = 0.05, then Ho is rejected, or Ha is accepted, meaning that it is concluded that there is a significant difference in Leverage Ratio (DER) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

Based on the results of the data processing, the values of Sig = 0.011 and 0.017 < Level of Significant = 0.05, then Ho is rejected, or Ha is accepted, meaning that it is concluded that there is a significant difference in Profitability Ratio (ROA and ROE) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

Based on the results of the data processing, the values of Sig = 0.627 and 0.226 > Level of Significant = 0.05, then Ho is accepted, or Ha is rejected, meaning that it is concluded that there is no significant difference in Activity Ratio (TATO and FATO) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

Based on the results of data processing, the value of Sig = 0.254 > Level of Significant = 0.05, then Ho is accepted, or Ha is rejected, meaning that it is concluded that there is no significant difference in Market Value Ratio (EPS) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

CONCLUSIONS AND SUGGESTIONS

Referring to the discussion that has been described in the previous section, it can be concluded: (1) The results of the analysis show that the merger of PT. Semen Indonesia (Persero) Tbk. has a significant effect on the Liquidity Ratio (Cash Ratio) of PT. Semen Indonesia (Persero) Tbk. This is because there are significant differences in Liquidity Ratio (Cash Ratio) before and after the merger of PT. Semen Indonesia (Persero) Tbk. While the merger of PT. Semen Indonesia (Persero) Tbk. has no significant effect on the Liquidity Ratio (Current Ratio) of PT. Semen Indonesia (Persero) Tbk. (2) The results of the analysis show that the merger of PT. Semen Indonesia (Persero) Tbk. has a significant effect on the Leverage Ratio (DER) of PT. Semen Indonesia (Persero) Tbk. This is because there is a significant difference in Leverage Ratio (DER) before and after the merger of PT. Semen Indonesia (Persero) Tbk. (3) The results of the analysis show that the merger of PT. Semen Indonesia (Persero) Tbk. has a significant effect on the Profitability Ratio (ROA and ROE) of PT. Semen Indonesia (Persero) Tbk. This is because there are significant differences in Profitability Ratio (ROA and ROE) before and after the merger of PT. Semen Indonesia (Persero) Tbk. (4) The results of the analysis show that the merger of PT. Semen Indonesia (Persero) Tbk. has no significant effect on the Activity Ratio (TATO and FATO) of PT.

Semen Indonesia (Persero) Tbk. This is because there is no significant difference in Activity Ratio (TATO and FATO) before and after the merger of PT. Semen Indonesia (Persero) Tbk. (5) The results of the analysis show that the merger of PT. Semen Indonesia (Persero) Tbk. has no significant effect on the Market Ratio (EPS) of PT. Semen Indonesia (Persero) Tbk. This is because there is no difference in Market Ratio (EPS) before and after the merger of PT. Semen Indonesia (Persero) Tbk.

Regarding the findings of this study, some suggestions that can be given are: (1) For companies, namely; Companies can make positive issues, improve company management that makes investors interested in investing to increase capital and ultimately have implications for increasing the company's financial ratios. (2) For investors; Liquidity Ratio, Leverage Ratio, and Profitability Ratio before and after the merger can be used as the basis for making investment decisions because these aspects measure the company's ability to generate returns on investments made in the company. (3) For future researchers: Using more data to get more accurate analysis results, using synergy valuation to measure the level of success/effectiveness of mergers, adding references to previous research to create novelty in future research.

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