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Analysis of Successful Acquisition of PT Siloam International Hospital Tbk in the Indonesia Stock Exchange

Rossherleen Clarissa Halim
Universitas Nusa Putra, Indonesia
Rossherleen.clarissa_ak19@nusaputra.ac.id

Abstract

The acquisition was made by PT Siloam International Hospitals TBK on the Indonesia Stock Exchange (IDX). The value obtained after selecting the acquisition will be greater than the total value before making the acquisition. Another advantage given to companies that choose to acquire their companies is the increased ability in the fields of marketing, research, managerial skills, technology transfer, and efficiency of the company. The research method used is a literature review method with the help of document data collection techniques. The results showed that the acquisition decision made by the company with the intention of being a means of developing financial performance was declared not achieved based on the profitability ratio.

Keywords
acquisition; profit; profitability ratio; hypothesis test.

I. Introduction

The development of the economy in modern times is currently showing significant changes, which can be seen through the progress of communication which is increasingly improving several strategies, these efforts are carried out by companies with the aim of maintaining existence by developing companies through expansion, in order to obtain business funds. The development of the economy in modern times is currently showing significant changes, which can be seen through the progress of communication which is increasingly improving several strategies, these efforts are carried out by companies with the aim of maintaining existence by developing companies through expansion, in order to obtain business funds.

Acquisitions can be used by companies to enlarge (expansion) of business. In addition, acquisitions act as a party that can help other companies that are experiencing problems so they can avoid bankruptcy, namely by acquiring companies with great hopes that they can fix problems that exist within the company, so that they can add assets owned and control market share bigger company.

In September 2013, PT. Siloam International Hospitals Tbk which is the result of a report originating from the company, after being listed on its shares on the Indonesia Stock Exchange with the code SILO. The beginning was in 1996 PT. Sentralindo Wirasta, the company, if calculated through December 31 2019, has operated as many as 37 hospitals, some of which are located on the Indonesian islands. 13 hospitals are located in the Jabodetabek area, and another 24 hospitals are spread across the Indonesian islands. Some of the managed hospitals have received services for BPJS health patients (National Insurance Program), but 11 of them have not received services for BPJS health patients. PT. Grha Ultima Medika and PT. Lithar Sentosa Pratama chose to acquire his company by the same company as the company, namely PT. Siloam International Tbk (https://kppu.go.id). The two companies chose the fast way by acquiring their companies because acquisition is a fast way to realize the company's vision and mission to get company value.

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The value obtained after choosing the acquisition will be greater when compared to the total value before making the acquisition. Another advantage given to companies that choose to acquire their companies is the increased capability in the fields of marketing, research, managerial capabilities, technology transfer, and efficiency for the company. Based on the background described above, the authors are interested in further discussing the comparative analysis of financial performance after the acquisition at PT. Siloam International Hospital TBK based on the Indonesia Stock Exchange (IDX).

II. Research Method

The research method used is to use library research. The data taken to support this research is using primary data obtained through library research. The data collection technique used is the document technique, data obtained through literature review in which there are documents relevant to the research material to be carried out in the form of journal documents, scientific articles, newspapers and other literature that can support the data search process related to the articles to be created. The data obtained by the author will be collected and then re-selected to serve as the main data in the discussion. Meanwhile, data analysis uses hypothesis testing.

III. Result and Discussion

3.1 Company Acquisition

Acquisitions can be used by companies to enlarge (expansion) of business. In addition, acquisitions act as a party that can help other companies that are experiencing problems so they can avoid bankruptcy, namely by acquiring companies with great hopes that they can fix problems that exist within the company, so that they can add assets owned and control market share. bigger company.

The results of the acquisitions chosen by the company can be seen through the company's performance, especially in the financial sector by evaluating acquisitions related to financial failure and success. The company's financial performance can be understood as the results obtained by the company while it is operating. The form of presentation of financial performance can be seen in the form of financial figures.

In carrying out an evaluation related to the assessment of the company's financial performance, it is necessary to have a report regarding the company's financial performance when it has not made an acquisition and after making an acquisition. If the results of the evaluation related to the assessment of the company's financial performance are declared to have decreased after the acquisition, then the acquisition process that has been chosen by the company is stated to be ineffective and efficient in choosing a business strategy to develop the company.

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Companies that are acquired by other companies will continue to operate as before, the thing that has changed is regarding control of the company being transferred to the acquiring company that has dominated as a shareholder. According to Haryani (2011), there are main reasons why more companies choose acquisitions as an option to realize the company's goals, the reason is related to acquisitions which are considered a fast way for companies that want to achieve company goals without the need to restart a business from scratch. The companies that were acquired have the hope that this choice can provide an increase in the company's financial performance.

The results of the acquisitions chosen by the company can be seen through the company's performance, especially in the financial sector by evaluating acquisitions related to financial failure and success. The company's financial performance can be understood as the results obtained by the company while it is operating. The form of presentation of financial performance can be seen in the form of financial figures (Utari, 2014: 53). In carrying out an evaluation related to the assessment of the company's financial performance, it is necessary to have a report regarding the company's financial performance when it has not made an acquisition and after making an acquisition. If the results of the evaluation related to the assessment of the company's financial performance are declared to have decreased after the acquisition,

In assessing the performance of companies that have chosen acquisitions, it is necessary to have financial ratios used as indicators to assess the company's financial performance. A financial ratio is an index that is used as a medium for connecting two accounting numbers and the results are obtained by dividing one number with a different number (Kasmir, 2010:93). Financial ratios can be understood as things that can be used as an illustration of the relationship between the amount owned and other amounts, done by using an analytical instrument known as a ratio. This instrument has the benefit of providing an illustration of financial ratio analysis so that it is easy to analyze the financial quality of the company. It can be concluded that ratio analysis of financial statements can be used as an indicator, if you want to know the company's financial stability. The ratios used are liquidity ratios, solvency ratios and profitability ratios.

PT. Siloam International Hospitals Tbk is a company operating in the field of human health (hospitals). The company is the largest operator of private hospital networks located in Indonesia. In September 2013, PT. Siloam International Hospitals Tbk which is the result of a report originating from the company, after being listed on its shares on the Indonesia Stock Exchange with the code SILO. The beginning was in 1996 PT. Sentralindo Wirasta, the company, if calculated through December 31 2019, has operated as many as 37 hospitals, some of which are located on the Indonesian islands. 13 hospitals are located in the Jabodetabek area, and another 24 hospitals are spread across the Indonesian islands. Some of the managed hospitals have received services for BPJS health patients (National Insurance Program), but 11 of them have not received services for BPJS health patients. PT. Grha Ultima Medika and PT. Lithar Sentosa Pratama chose to acquire his company by the same company as the company, namely PT. Siloam International Tbk (https://kppu.go.id). The two companies chose the fast way by acquiring their companies because acquisition is a fast way to realize the company's vision and mission to get company value. The value obtained after choosing the acquisition will be greater when compared to the total value before making the acquisition. Another advantage given to companies that choose to acquire their companies is the increased capability in the fields of marketing, research, managerial capabilities, technology transfer, and efficiency for the company. Based on the background described above, the authors are interested in further discussing the comparative analysis of financial performance after the acquisition at PT. Siloam International Hospital TBK based on the Indonesia Stock Exchange (IDX).

In assessing the performance of companies that have chosen acquisitions, it is necessary to have financial ratios used as indicators to assess the company's financial performance. A financial ratio is an index that is used as a medium for connecting two accounting numbers and the results are obtained by dividing one number by a different number.

3.2 Financial Statement Analysis

Financial statement analysis can be understood as an analytical instrument that is useful for reviewing the details of financial statements so that they become a unit of information, the results have the objective of evaluating and assessing the company's financial situation in the current and past periods. The purpose of this evaluation is to predict in the future regarding estimates, related to the condition and performance of the company in the future.

According to Harmono (2011: 104), report analysis can be understood as an analytical instrument used in the field of corporate financial management which has a comprehensive nature. Report analysis has the benefit of being a good or bad detector of a company based on the situation and performance of the company as a whole.

Analysis of financial statements can see a significant level between one another. The purpose of making an analysis of financial statements is none other than to find out the financial situation that exists within the company in more detail so that it will produce the right decision. Based on the reviews of financial statement analysis according to experts, it can be stated that financial statement analysis is understood as an activity of analyzing relationships related to strategy in knowing the financial quality of a company and evaluating company development.

Financial ratios are activities that involve a comparison between the numbers listed in a financial report. The way it works is by dividing one number with a different number. After conducting ratio analysis, the next step is to use it in evaluating the performance of a company's management in several predetermined periods. The evaluation contains the targets achieved by the company. In addition, the ratio analysis can be used as an instrument for assessing the management capabilities of a company. This is done in order to increase the effectiveness and efficiency of the company's resources.

According to Jumingan (2014: 118), giving a statement regarding the meaning of financial ratios is a number that provides an illustration regarding the relationship that has between one component and the other components in the financial statements. The combination of the components of the financial statements is packaged into a simple mathematical form.

Meanwhile, according to Kasmir (2014: 93), financial ratios are an activity carried out as a medium for comparing the numbers listed in financial reports. The way it works is to do a division between one number and another.

3.3 Relevance between Acquisitions to Financial Performance

Anita H (2002), stated that the development of merger and acquisition activities in Indonesia began in 1970. Both of these strategies were chosen by many companies that belong to large companies to carry out an acquirer with companies that are not yet large. This was done because the company was trying to reduce the tax rate by making acquisitions, but there have been changes indicating that since the economic crisis, most large companies in Indonesia are known for liquidity difficulties.

There is a relationship related to the acquisition, namely the relationship owned by a company that acts as a company that has full control over other companies and controlled companies. This can be shown through the number of shares owned. Financial reports are presented to the public by dominating one company.

According to Caves (1989), the level of economic efficiency is related to acquisitions. This shows that the capabilities and changes that are owned by each company. Acquisition is a turning point made in order to increase operating efficiency and profit received. The period of time needed by the company to receive a profit requires a fairly long period of time, which can be used as additional value for the company.

3.4 Normality test

The Normality test shows that the results of the data are normally distributed or not. A normality test is carried out before testing the hypothesis with the aim of being able to determine the statistical test. This study used the Kolmogorov-Smirnov statistical test. Following are the results of the normality test at PT Siloam International Hospital Tbk:

Table 1. Normality Test Before and After Acquisition

One-Sample Kolmogorov-Smirnov Test

		BEFORE	AFTER
N		7	7
	std. Deviation	68.97308	68.02556
	absolute	.296	.306
Most Extreme Differences	Positive	.296	.306
	Negative	-.232	-.274
Kolmogorov-Smirnov Z		.784	.811
asymp. Sig. (2-tailed)		.571	.527

Source: SPSS 21 output, processed in 2022

Based on the results of the normality test, the data is normally distributed, therefore the test chosen is the Parametric Paired Sample T-test.

3.5 Difference Test

a. Current Ratio Difference Analysis

Table 2. Paired T-test Current Ratio

paired Sample Test

		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			(2-tailed)
Pair 1	CRBEFORE - AFTER	8.33333	106.26539	61.35235	-255.64453	272.31120	.136	2	.904

Source: SPSS 21 output, processed in 2022

Based on Table 2, the significance value of t count is 0.904, then H_0 accepted, so it can be interpreted that the current ratiobefore making and after making the acquisition found no significant difference.

b. Analysis of Differences Cash Ratio

Table 3. Paired T-test Cash Ratio

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			
Pair 1	cashRBEFORE - AFTER	11.00000	64.37391	37.16629	-148.91365	170.91365	.296	2	.795

Source: SPSS 21 output, processed in 2022

Based on table 3, it shows that the calculated t value is 0.795, then H_0accepted so that it can be interpreted that the cash ratio beforedid and after the acquisition found no significant difference.

c. Analysis of Differences Debt to Asset Ratio

Table 4. Paired T-test DAR

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			
Pair 1	DAR BEFORE - AFTER	17.23333	12.25003	7.07256	-13.19744	47.66410	2,437	2	.135

Source: SPSS 21 output, processed in 2022

Based on Table 4, it shows that the significance value of t count is 0.135, then H0 is accepted so that it can be interpreted that the debt to asset ratio before making and after making the acquisition found no significant difference.

d. Analysis of Differences Debt to Equity Ratio

Table 5. Paired T-test DER

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			
Pair 1	DER BEFORE - AFTER	35.46667	26.04790	15.03876	-29.23992	100.17325	2,358	2	.142

Source: SPSS 21 output, processed in 2022

Based on Table 5, it shows that the significance value of t count is 0.142, then H0 is accepted so that it can be interpreted that the debt to equity ratio before making and after making the acquisition found no significant difference.

e. Analysis of Differences in Return on Investment

Table 6. Paired T-test ROI

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			
Pair 1	ROI BEFORE - AFTER	3.13333	3.02875	1.74865	-4.39050	10.65717	1,792	2	.215

Source: SPSS 21 output, processed in 2022

Based on Table 6, it shows that the t-count significance value is 0.215, then H0 is accepted so that it can be interpreted that the return on investment before and after the acquisition is not found to be significantly different.

f. Analysis of Differences in Return on Equity

Based on Table 7, it shows that the significance value of t count is 0.136, so H0 is accepted so that it can be interpreted that the return on equity before and after making an acquisition is not found to be significantly different.

Table 7. Paired T-test ROE

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. ErrorMeans	95% Confidence Intervals of the Difference Lower	Upper			
Pair 1	ROE BEFORE - AFTER	4.83333	3.44432	1.98858	-3.72283	13.38950	2,431	2	.136

Source: SPSS 21 output, processed in 2022

3.6 Hypothesis testing

Table 8. Recapitulation of Hypothesis Test Results

No	Financial Ratios	t	α	Significance	H0 Accepted/Rejected	Information
1	*Current Ratio*	0.136	0.05	0.904	H0 Accepted	Not significant
2	*Cash Ratio*	0.296	0.05	0.795	H0 Accepted	Not significant
3	*Debt to Asset Ratio*	2,437	0.05	0.135	H0 Accepted	Not significant
4	*Debt to Equity Ratio*	2,358	0.05	0.142	H0 Accepted	Not significant
5	*Return on Investment*	1,792	0.05	0.215	H0 Accepted	Not significant
6	*Return on Equity*	2,431	0.05	0.136	H0 Accepted	Not significant
7	*Net Profit Margins*	1.503	0.05	0.272	H0 Accepted	Not significant

Table 8 shows that the results of the research conducted based on the current ratio, cash ratio, debt to asset ratio, debt to equity ratio, return on investment, return on equity, and net profit margin are not significantly different. The sig > α value is 0.215 > 0.05 for ROI, at ROE 0.136 > 0.05 and 0.273 > 0.05 in NPM means that the hypotheses H5, H6 and H7 are rejected so H0 is accepted. In other words, return on investment, return on equity and net profit margin are stated to experience a decrease in net profit when compared to the total assets, total equity and income owned by the company. This shows that the company is declared not capable enough to earn profits and return the investment that has been given by investors.

IV. Conclusion

The main purpose of the company choosing to make an acquisition is to develop the company's financial performance is not achieved based on the solvency ratio achieved. The results of calculating the profitability ratios are not significantly different. This can be used as an indicator showing that there is no increase in company profits. Therefore, when after the acquisition there is a decrease in the profitability ratio, this event shows that the company does not have the power to generate company profits. Thus, the acquisition decision made by the company with the intention of being a means of developing financial performance was declared not achieved based on the profitability ratio.

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