

## **Analysis Of The Influence Of Accounting Liquidity On Business Combinations PT Indosat TBK**

**Rani Fitria<sup>1)</sup>, Rara Ivanka<sup>2)</sup>, Della Chastika<sup>3)</sup>, Putri Melani<sup>4)</sup>, Wiwik Apriani<sup>5)</sup>, Meigia Nidya Sari<sup>6\*)</sup>**

<sup>1,2,3,4,5,6)</sup>Departement of Accounting, Faculty of Social Sciences, Universitas Pembangunan Panca Budi Medan, Indonesia

Corresponding Author :

Email : [meigia@dosen.pancabudi.ac.id](mailto:meigia@dosen.pancabudi.ac.id)

### **Abstract**

*The purpose of this study is to compare the financial liquidity performance of PT. Indosat Tbk before and after the business combination in 2020-2023 with Hutchison 3 Indonesia. This study combines a quantitative descriptive research approach with secondary data from the Indonesia Stock Exchange. Based on the results of the analysis, it shows that there are differences in liquidity ratios, namely the Current Ratio, Quick Ratio, and Cash Ratio between the period before the business combination in 2020-2021 and the year after the business combination. 2022-2023 which shows an increase and also a decrease where in 2020 the current ratio value was 42.35 then in 2021 it decreased to 40.13% and increased after the combination was carried out in 2022 by 52.08% but decreased again in 2023 by 45.35%. This shows that the company is still facing liquidity constraints, especially in its ability to cover all of its short-term obligations.*

**Keywords:** *Likuidity, Business Combination, Merger*

## **INTRODUCTION**

According to the Great Dictionary of the Indonesian Language (Indonesia, 2016) , business is defined as a commercial enterprise engaged in trade. Business can also be understood as an activity involving business actors and buyers with the aim of generating profit and adding value. To obtain optimal profit, a number of business actors implement several strategies, one of which is through business mergers (Nasution, 2023). Based on the Financial Accounting Standards Statement in 2007 in (Latresia et al, 2023) it is very rare for another business to gain control over the operations of another business or the realization of its assets when the relationship between two or more businesses becomes a single company (Nasution et al, 2024).

According to PSAK Number 22 of 2015 (Indonesian Accounting Association, 2010) , a business merger occurs when two or more independent companies merge to form one economic entity and the dominant company takes over the operations and activities of the other company. (Hitt, 1997) in (Sitepu, Simarmata and Kusumastuti, 2023) said that the business world can gain many benefits from a merger, such as more expert power, better commodity distribution, management systems, transfer of technological expertise, and low production costs. Thus, the completion of a company merger can maximize the improvement of the company's performance (Nasution et al, 2024).

The telecommunications industry in Indonesia has grown rapidly over the past few decades, the need for strong connectivity, the implementation of digital technology, and the increasing number of internet users are the main drivers of this. PT Indosat Tbk. Is one of the business players in the telecommunications industry that has carried out a business combination. PT Indosat Tbk is a company that started commercial operations in September 1969 to build, transfer, and operate the International Telecommunications Satellite Organization Earth Station,

or Intelsat, in Indonesia to access the Intelsat Indian Ocean satellite region. The company was established by the government in November 1967 as a foreign investment company to provide international telecommunications services in Indonesia. This business offers fixed telecommunications services, prepaid and postpaid cellular services through Indosat Mobile, IM3 brand products that are compatible with Indosat and Indosat Internet, and more. PT Indosat Tbk has its head office located at Jl . Medan Merdeka Barat No.21 Jakarta 10110.

Indosat Ooredoo and Hutchison 3 Indonesia officially signed a merger agreement on January 4, 2022, forming Indosat Ooredoo Hutchison, a limited liability company with PT Indosat Tbk (IOH) as its legal name. This business combination was carried out with the aim of increasing the share price of Indosat Tbk, improving human resources, product distribution, management systems, technology transfer, and reducing production costs to maximize business performance. However, this process often has significant implications for the company's financial condition, including Liquidity (Nasution & Welly, 2023).

According to (Kasmir, 2019) in (Tyasningwuri, Salsabila and Damayanti, 2024) The ratio called liquidity is used to assess the level of liquidity of a company. According to (irawan, SE. et al, 2019) liquidity is a ratio that shows the company's ability to meet its financial obligations that must be met immediately, or the company's ability to meet financial obligations when billed. Good liquidity is very important for the life of a company, especially in carrying out large business combinations. Business combinations can increase the scale of operations and market share, thereby increasing cash flow (Nasution et al, 2021). But on the other hand, business combinations can also increase debt burdens and working capital needs which result in pressure on liquidity.

## **RESEARCH METHODS**

In this study, the researcher used a descriptive quantitative research approach. According to (Sugiyono, 2019) quantitative descriptive research focuses on variables that are consistent with the research, examines actual problems and ongoing phenomena, and presents results in the form of meaningful numbers. Data from this study can be presented in numerical form through graphs, tables, diagrams, frequency distributions, or percentages.

This study uses secondary data as the main source. According to (Umar, 2013) in (Marzuki, 2023) secondary data is primary data that has gone through a processing process and is presented again, either by the party collecting the primary data or other parties, for example in the form of tables or diagrams. In this study, secondary data was obtained from the financial statements of Pt. Indosat Tbk (IOH) for the period 2020-2023 which were accessed through the Indonesia Stock Exchange (IDX).

Financial ratios and other actual sources will be used to measure the impact of accounting liquidity on PT. Indosat Tbk (IOH) following the implementation of the business combination. The data will then be processed and analyzed to be associated with existing problems with references as guidelines .

## RESULTS AND DISCUSSION

### A. Business Combination Policies And Activities

Notes to the financial statements and annual report of PT Indosat Tbk in 2020 show that PT Indosat Tbk had 7 subsidiaries in that year. After that, on January 4, 2022, PT Indosat Tbk and PT Hutchison 3 Indonesia officially merged to form a new company, namely PT Indosat Ooredoo Hutchison. However, it should be noted that the two companies have been working together by making this merger agreement since 2021. This merger was officially carried out on January 4, 2022, after receiving approval from the Financial Services Authority through letter No. S2420D.04/2021 dated December 28, 2021, the Minister of Communication and Information in decree no. 7 dated January 4, 2022 and the Minister of Law and Human Rights of the Republic of Indonesia in decree no. AHU-0010904.AH.01.10.YEAR 2022 dated January 4, 2022 (Indosat, 2020) .

As for H3I shareholders, the company issued 2,628,769,240 series B shares on the effective day of the business combination. The shares will also represent 32.6 % of the company's share capital that will receive the expansion of the business combination. All assets and liabilities owned by H3I were transferred to the Company and H3I was legally dissolved (Indosat, 2020) .

As a result of this business combination, the combined company will have a more efficient cost structure and greater scale, allowing the company to improve service quality, accelerate network investment, and increase product and service innovation. In a way that neither H3I nor Indosat could achieve alone.

### B. Liquidity Analysis

Table 1. Liquidity Ratio of PT Indosat Tbk (in millions of rupiah)

Year	Cash & Cash Equivalent	Supply	Current assets	Short Term Liabilities	Current Ratio (%)	Quick Ratio (%)	Cash Ratio (%)
Before Business Combination (PSAK 22)							
2020	1,782,246	39,813	9,594,951	22,658,094	42.35	42.17	7.87
2021	3,789,006	18.110	11,499,439	28,658,152	40.13	40.06	13.22
After Business Combination (PSAK 22)							
2022	9,507,880	73.277	18,683,115	35,874,074	52.08	51.88	26.50
2023	5,189,573	226,428	15,479,659	34.134.343	45.35	44.69	15.20

Source: Data processed on November 25, 2024

Based on the table above, it shows that there is a difference in the results of the Current Ratio, Quick Ratio and Cash Ratio between the period before the business combination 2020-2021 and the year after the business combination 2022-2023 which shows an increase and also a decrease where in 2020 the Current Ratio value was 42.35% then in 2021 it decreased to 40.13% and increased after the business combination, namely in 2022 by 52.08% but decreased again in 2023 by 45.35%. The Quick Ratio value in 2020 was 42.17% then decreased in 2021 by 40.06% and increased in 2022 by 51.88% then decreased again to 44.69% in 2023. For the Cash Ratio value, in 2021 it was 7.87% which then increased by 13.22% in 2021 then increased again in 2022 by 26.50% but decreased in 2023 by 15.20%. In the Current Ratio, the Quick Ratio and Cash Ratio showed a significant increase in 2022, namely after the business combination was carried out, this is likely due to better management of current assets in the company's financial structure. However , the value of each ratio is still below the ideal standard where it is lower than

100% to the ideal limit of 200%. In the overall financial condition, the company has limited liquidity because the ratios are below 100% which means that current assets including cash are not enough to cover short-term liabilities in full. However, by carrying out this business combination, it is expected that in the future it can increase the company's value which can attract investors and can achieve the company's long-term goals.

## CONCLUSION

The purpose of this study is to determine whether the financial performance of PT. Indosat Tbk before and during the business combination with Hutchison 3 Indonesia differs in terms of liquidity throughout the 2020-2023 period. Based on the findings of descriptive analysis. Shows that the liquidity risk - cash ratio, quick, and current - before and after the merger is different. Although these three ratios increased significantly in 2022 after the merger, the values of the ratios are still below the ideal standard, which is below 100%. This shows that the company still faces limitations in its liquidity, especially in the ability to fully cover short-term liabilities. Therefore, although the merger is expected to increase the company's value to attract investors and achieve long-term goals, liquidity challenges still need to be considered specifically by the company's management.

Companies are advised to focus more on managing current assets. Although the liquidity ratio has increased after the business combination, the liquidity ratio value itself is still below the ideal standard, indicating limited liquidity. Increasing efficiency in cash and inventory management can help improve overall liquidity. Companies need to design a good financing strategy because business combinations can increase debt burdens. This includes reducing dependence on short-term debt and considering cheaper financing alternatives. Companies must conduct regular evaluations of financial performance, especially liquidity ratios. By conducting consistent monitoring, companies can quickly identify problems that have the potential to disrupt liquidity and can immediately take corrective action. Companies should invest in employee training and new technologies to improve operational efficiency, which can ultimately help improve the company's financial performance.

## REFERENCES

- Bahasa, Badan Pengembangan dan Pembinaan. 2016. "KBBI DARING." *Badan Pengembangan dan Pembinaan Bahasa, Kementerian Pendidikan, Kebudayaan, Riset, dan Teknologi Republik Indonesia*. <https://kbbi.kemdikbud.go.id/entri/bisnis>.
- Indonesia, Ikatan Akuntansi. 2010. "PSAK NO.22 Kombinasi Bisnis." : 119.
- Indosat, PT. 2020. *PT Indosat Tbk Dan Entitas Anak/And Subsidiaries Laporan Keuangan Konsolidasian/ Consolidated Financial Statements*.
- irawan, SE., M.Si, MM ernawaty, SE., dan M.Si Heriyati Crisna, SE. 2019. *Manajemen Keuangan II Manajemen Persediaan*. Medan: SMARTPRINT.
- Kasmir. 2019. *analisis laporan keuangan*. pertama. c. Jakarta: PT Raja Grafindo Persada.
- Marzuki, IM. 2023. "Bab iii metoda penelitian." *STIE Indonesia Jakarta - Kampus A*.
- Michael, Hitt., dkk. 1997. *Manajemen Strategis*. Jakarta: Erlangga.

- Nasution, D. A. D. (2023). Navigating Public Sector Asset Management: A Study of the Government of the Republic of Indonesia. *Tec Empresarial*, 18(2), 1264-1281.
- Nasution, D. A. D., Muda, I., Sumekar, A., & Abubakar, E. (2021, March). Analysis of The Economic Behavior of Society E-Commerce as An Impact on The Development of The 4.0 Industrial Revolution and Society 5.0. In *BICED 2020: Proceedings of the 2nd EAI Bukittinggi International Conference on Education, BICED 2020*, 14 September, 2020, Bukittinggi, West Sumatera, Indonesia (Vol. 217). European Alliance for Innovation.
- Nasution, D. A. D., Erlina, E., Muda, I., & Yahya, I. (2024, February). Testing The Mediation Role of Public Service Quality in The Relationship Between Internal Control Implementation and Good Government Governance of The Regional Government of North Sumatra Using SEM-PLS. in *Proceeding of International Conference on Education, Society and Humanity* (Vol. 2, No. 1, pp. 1601-1609).
- Nasution, D. A. D., Mustafa, M., & Damanik, A. F. (2024). Detailed Exploration Of Feasibility Study Of Siskeudes Implementation In Pemasang Serai Village, Langkat District. *International Journal of Economic Research and Financial Accounting*, 3(1).
- Nasution, D. A. D., & Welly, Y. (2023). Community Perspective in Village Fund Management in Nagur Village, Serdang Bedagai Regency. *Basic and Applied Accounting Research Journal*, 3(2), 48-54.
- Sitepu, Latresia Aprilia Br, Tiar Natalia Simarmata, dan Ratih Kusumastuti. 2023. "Analisis Pengaruh Rasio Keuangan Setelah Merger Terhadap Kinerja Keuangan Perusahaan Pada PT Indosat Tbk." *Jurnal Ekonomi, Akuntansi dan Manajemen* 2(3): 115–26. <https://jurnaluniv45sby.ac.id/index.php/Inisiatif/article/view/1103>.
- Sugiyono, P. D. 2019. *Metode Penelitian Kuantitatif Kualitatif dan R&D* (M. Dr. Ir. Sutopo. S. Pd. ALFABETA, cv.
- Taufiq Khaerudin, Aileen Okta Azalia, Nabilah Maulita, Endang Kartini Panggiarti. 2023. "ekonomika+vol+10+no+2+Juni+2023+hal+308-315." *Penyusunan Laporan Keuangan Konsolidasi Berdasarkan Penerapan Psak No. 15, Psak No. 22 Dan Psak No. 65* 10 No. 2(E-ISSN:2798-575X, P-ISSN:2354-6581).
- Tyasningwuri, Elisabeth Meidiana, Nasywa Adhe Kurhan Salsabila, dan Desi Sulistya Damayanti. 2024. "Analisis Pengaruh Likuiditas Akuntansi Kombinasi Bisnis pada PT XL Axiata Tbk." *Trending: Jurnal Manajemen dan Ekonomi* 2(1): 235–41.
- Umar, Husein. 2013. *Metode Penelitian Untuk Skripsi dan Tesis*. Jakarta: Rajawali.