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Evaluation of Business Restructuring Process in the Formation of Palm Oil Plantation Company "X" in Indonesia

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ABSTRACT

This study aims to evaluate the success of business restructuring in one of plantation company in Indonesia and find the core problems that cause delaying on its company restructuring so the best advice for this problem can be deliver in a right way. The evaluation did by comparing the targets that given from the sharehooder with the realitu (achievement) especially with the timeline of merger that cause another problem. The impact of merger delaying caused the failure of Company "X" to achieve the IPO (Initial Public Offering) target as one of company "X" step to get fund raising. Initially, the fund that reached from IPO will be used to build another cooking oil factory and pay behalf of company's debt to the creditor. This research tries to answer what factors caused merger in Company "X" could not reach the timeline targeted from the shareholder and what are the best suggestions for Company "X" to face this problem and situation. The method of this research using research strategy "Evaluation" and the research method is "Qualitative Method". The Data Collection using primary and secondary data which come from document review and interviews. The result of this research show that Creditor Approval, Relationship with Stakeholders, Aggressive Timeline, Resisten Parties and Unfavorable Condition be the factors that cause the Obstacle of Successful merger in Company "X".

Keywords: Merger, IPO, Due Care, Palm Oil Plantation, Due Dilligence, Business Restructuring

INTRODUCTION

Indonesia is back crowned as the largest producer Crude *Palm Oil* (CPO) in the world in 2024 based on information listed on the Indonesian Information Portal on January 15th, 2025. According to the latest data of the Foreign Agricultural Service, United States Department of Agriculture (USDA), production of Indonesian palm oil is estimated reach a very impressive figure, namely 46.5 million metric tons. This number equivalent with around 58 percents of total production global CPO in the same year.

Government Keep going make an effort for do improvements in all side on Palm Oil Plantation Industry in Indonesia through its strategic programs pinned to State-Owned Enterprises engaged in the field Palm Oil Plantation Industry face phenomenon disparity results commodity. To reach the more value creation, company carry out company's restructuring in the form of merger and *spin off* activities to increase management business of each type managed commodities to improve the company performance. In its journey, the formation of palm oil subholding experience a number of obstacles and challenges in inside so that cause implementation corporate action disturbed accordance with *timeline* that has been set previously, besides that required evaluation conducted to know the achievement of corporate action on the target that has been given by the holder share previously.

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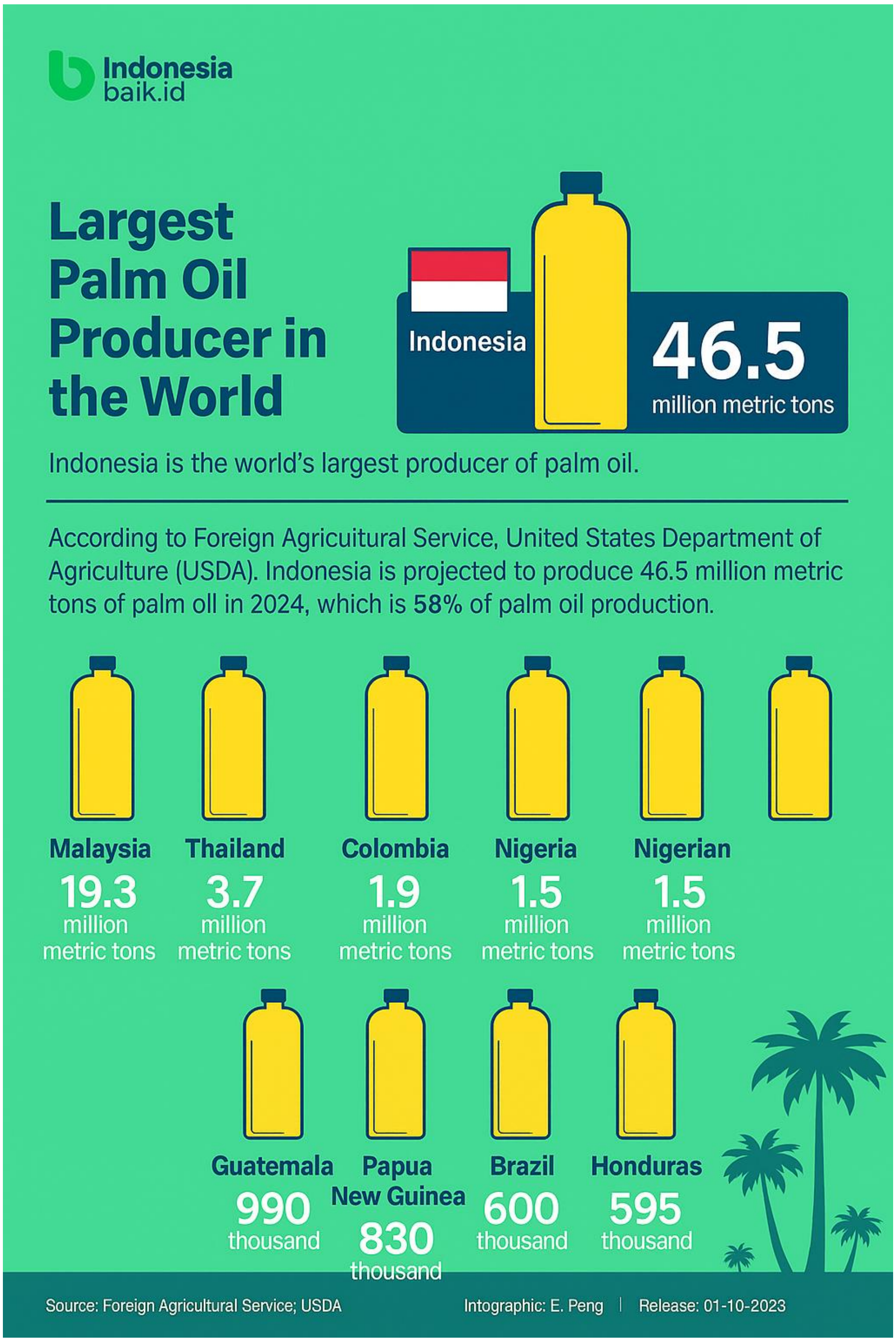

Resource: Portal Informasi Indonesia (2025)

As a result of the delay in the implementation of the company's merger, several of the company's targets and plans had to be postponed and changed, such as the plan to pay off part of the debt to creditors which had to be postponed and the implementation of providing funds for investment in the construction of a new Cooking Oil Factory which was previously planned to use funds generated from investors through the Initial Public Offering (IPO) process to use funds generated from the company's operational activities (Production and Sales) and this had a negative impact on the company's *cash flow*.

The business restructuring plan (merger and spin off) is planned to be implemented in the 3rd week of June 2023. This is because there is a follow-up plan that the company wants to carry out in the form of

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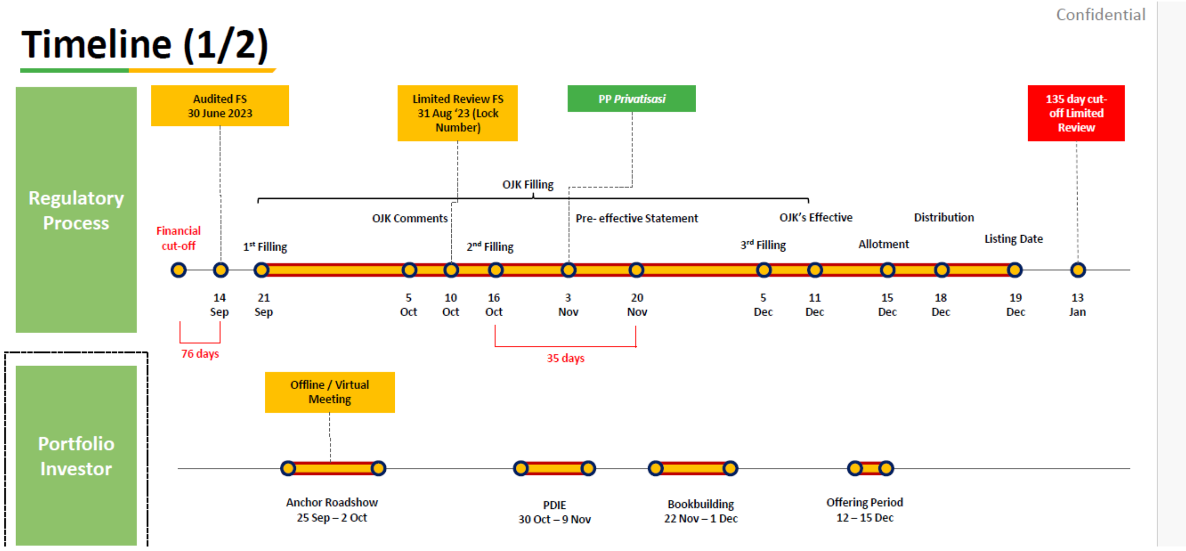
an Initial Public Offering (IPO) of the company's shares on the Indonesia Stock Exchange (IDX) where the proceeds from the sale of the company's shares are planned to be used for accelerated repayment of part of the company's debt to creditors and for the construction of a new cooking oil factory as mandated by the shareholders.



Resource: Company X Internal Document

As for the purpose from this study is can evaluate and analyze as well as find the alarm from problems that cause company "X" does not can reach the top target timeline date effective merger efforts that have been determined by the shareholder so that cause the financial impact and other target achievements as well as help For can give recommendation best for the Company above solution the best that must be taken by the Company in face this problem.

Furtheremore, this research is expected can give a description cause and solution on problems faced by the company as an object study, for the Company so that the impact caused on a problem can not be worse and disrupt the company's financial stability. In academics purpose, this study can add knowledge of academics who read this research, because an analysis and evaluation was carried out in this study done in a deep way and involving various party related in it, as well as for other companies, it is expected this study can become a lesson learned for other companies that are planning will do action corporate merger/ acquisition /spin off.

Problem Formulation

What are the factors that cause delays in the business merger process, and how should the company respond to this issue as a solution?

Research Objectives

The objective of this study is to evaluate and analyze the issues that prevent the company from achieving the targeted timeline for the effective date of the business merger, leading to financial impacts and other corporate target achievements. Specifically, the objectives and benefits of this study are as follows:

1. To identify the issues that cause delays in the effective date of the business merger compared to the predetermined target.
2. To assess the achievement of the objectives of the corporate action and evaluate the issues that have led to the impact of the corporate action not being fully aligned with the expectations of the company and shareholders.

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3. To provide the best recommendations for the company to resolve outstanding corporate targets that have not yet been achieved.

LITERATUR REVIEW

Mergers and acquisitions as a form action corporation company actually a new thing, between 1960 and 1994, there were approximately 72,000 mergers and acquisitions in the United States. In addition to increasing the market company and also the value to be acquired by the shareholders, merger activities of similar companies also aim to increase the strength of a company and reduce competition between business entities, especially for companies that are located in similar industries as well as can give higher price competitive for consumers.

A study by Aik, Hassan, & Mohamad (2015) shows that Merger & Acquisition can increase the performance operational company through the improvement of efficiency in technical and cost matters This is one of the reasons why lots of company conduct mergers and acquisitions in the company and its group. However sometimes a number of action corporate mergers that are carried out no fulfil the purpose is as follows a number of things that can cause action corporation such as mergers, spin offs and acquisitions can become failed: lack of synergy, high integration costs, corporate culture problems, lost of focus, overpaying, and agency problem. Overall, many studies show that mergers are often not create value and can even destroy value, so that important for do careful and comprehensive analysis before carry out the merger.

The concept of merger does not once off with draft acquisition, acquisition is a word that comes from from English language, namely " *Acquisition* ". Acquisition is take transfer of ownership other parties. Baker and Helmink (2000) stated that the motive of a company to do this acquisition can in the form of things under these things:

a . Growth

b. For can to enter a new market (*New Market Entry*)

c. Optimization portfolio product

d. Dominance market position

e. Diversification

f. Carrying out expertise transfer technical and functional

g. Improvement scale economy

h. Reduce cost in *Research & Development*

On the way merger effort, study a comprehensive and principled “Due Care*”* in it. The principal caution in this matter run so that the company can be careful in operating tasks and jobs. These principles become important because *impact* that can caused from error in taking business decisions can be very in a good financial or non-financial way, both of which can influence the sustainability the life of the company.

On the way merger effort, required study comprehensive and principled “Due Care*”* in it. The principal caution in this matter is that the company can be careful in operating tasks and jobs. These principles become important because the *impact* that can be caused from error in taking decision business can be very in a good financial or non-financial way, both of which can influence the sustainability life of a company.

To get maximum results of corporate action merger company, then all over risks and things to consider done pre and post merger must can mapped the techniques used in this matter called "*Due Diligence*". *Due diligence* process aiming tor mitigate risks that can occur arise later day as consequence of existing aspects such as those mentioned in its implementation or If action corporation still implemented, then several aspects will affected

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in a way negatively or lost potential that should be can obtained by the company: *Successful Due Diligence* (2021).

Every merger and acquisition has a series facts and situations. Buyers' perspective from the target company wants know whether worth acquiring the business or to ensure the risk of doing so, increase amount merger and acquisition transactions requires a responsible due diligence answer in a way that goes beyond the traditional assessment process (Uludag , 2013). The types of *Due Diligence* is often done by the company before do action corporation is: *Due Diligence* Finance, Legal *Due Diligence*, *Due Diligence* Commercial, *Due Diligence* Taxation.

Due Diligence, Table 1 The main due diligence topics

Due diligence topics	Focus of enquiries	Expected results
Financial	Validation of historical information, review of management and systems	Confirm underlying profits. Provide basis for valuation
Legal	Contractual agreements, problem-spotting	Warranties and indemnities, validation of all existing contracts, sale and purchase agreement
Commercial	Market dynamics, target's competitive position and target's commercial prospects	Sustainability of future profits, formulation of strategy for the combined business, input to valuation

Source: Howson (2003)

Table 1 provides general description about Topics the main one that usually investigated in the *due diligence* process. Let us discuss one by one:

- *Due Diligence Topics*: The type of examination conducted in *due diligence*.
- *Focus of Inquiries*: Focus main on every inspection.
- *Expected Results*: Expected results from every inspection.

Overall, no do *due diligence* in acquisitions and mergers can result in detrimental consequences and can threaten the sustainability the acquiring company. Therefore, *due diligence* is considered as crucial step in the process of acquisition and merger for ensure that decisions taken is based on accurate and comprehensive information.

If Due Diligence Is Not Conducted in the Acquisition and Merger Process, Several Serious Risks and Consequences May Arise, Including:

1. Financial Risks:

Without a thorough financial analysis, the acquiring company may fail to recognize significant financial issues, such as hidden debts, negative cash flow, or unrealistic revenue projections. This can lead to substantial financial losses after the acquisition.

2. Legal Issues:

Failing to conduct legal due diligence may result in the acquirer facing unexpected legal problems, such as ongoing litigation, contract breaches, or other legal liabilities. This can lead to high legal costs and reputational damage.

3. Loss of Asset Value:

Without proper evaluation, the company may acquire assets that are either worthless or even risky, such as invalid patents or properties involved in legal disputes. This can decrease the overall value of the acquisition.

4. Integration Failure:

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Without a clear understanding of the target company's culture, organizational structure, and operational processes, post-acquisition integration may fail. This can lead to employee dissatisfaction, loss of key talent, and decreased productivity.

5. Reputation Risk:

If issues identified during due diligence emerge after the acquisition, they can damage the acquiring company's reputation. A poor reputation can affect relationships with customers, suppliers, and other stakeholders.

6. Uninformed Decision-Making:

Without accurate and comprehensive information, management decisions may not be based on the right facts. This can lead to misguided strategies and unprofitable investments.

7. Missed Opportunities:

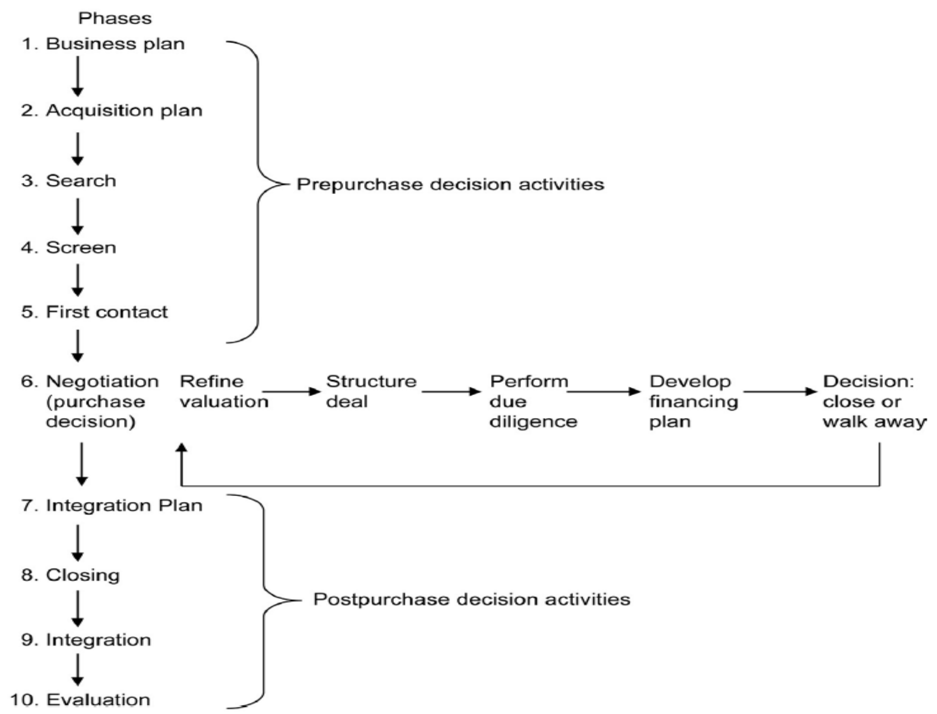
The due diligence process also helps identify synergy and growth opportunities. Without this process, the company may miss the chance to maximize the value of the acquisition.

8. Legal Liabilities:

If the target company has significant legal issues, the acquiring company may become responsible for them, including fines or penalties.

Overall, failing to conduct due diligence in acquisitions and mergers can result in detrimental consequences and threaten the sustainability of the acquiring company. Therefore, due diligence is considered a crucial step in the acquisition and merger process to ensure that decisions are made based on accurate and comprehensive information.

Based on Book Donald M. DePamphilis with Tittle "*Mergers, Acquisitions, and Other Restructuring Activities*" released in 2018 there are 10 phases in merger and acquisitions as below :



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METHODS

Research Strategy

This research is a case study type of research with an "Evaluation" case study approach, referring to *The Case Study Handbook: A Student's Guide* (Ellet, 2018). The study aims to evaluate the issue of business restructuring undertaken by company "X" by comparing events that occurred during and after the restructuring process with the initial targets and objectives set by the shareholders.

First, the researcher must obtain results from the merger process carried out by company "X" and identify the actual obstacles encountered during its implementation through observation, interviews, and document reviews. After identifying the key issues hindering the achievement of the company's restructuring objectives, the researcher then formulates three main factors that serve as the primary barriers and root causes of delays in the business restructuring process of company "X."

These three main factors are categorized as the root causes of the delay in the business restructuring of company "X," which ultimately led to the company's failure to conduct an Initial Public Offering (IPO) on the Indonesia Stock Exchange (IDX) and other impacts resulting from the delay in executing this corporate action of business group consolidation.

Research Approach

This research employs a qualitative method, which focuses on in-depth understanding through non-numerical analysis. The qualitative method in this study is applied using a case study approach, with the research object being business restructuring in the formation of a palm oil commodity sub-holding within a palm oil plantation company in Indonesia.

Data Collection Techniques Data Source

Data collection in this study is a combination of reviewing both primary and secondary data. This combination is intended to produce a more comprehensive study that can provide solutions and address the existing issues.

Qualitative analysis is conducted based on the data obtained from various sources, with the choice of qualitative analysis justified by its suitability for the objectives of this research. The study begins with collecting and analyzing secondary data from documents and written reports related to business restructuring in the formation of a palm oil commodity sub-holding, covering the entire process from the initial planning of the corporate action to post-merger activities.

Subsequently, the researcher collects primary data through interviews with selected company personnel, who are deemed suitable for interviews based on discussions with the company's management.

The research conducted to assess awareness levels is generally carried out through questionnaires, telephone surveys, or interviews (Hwang, H, et al., 2021). Interviews are commonly used as a method for collecting primary data in qualitative research, which includes semi-structured, lightly structured, or in-depth interviews (Potter, Miller, and Margrave, 1996).

During the interview process, a series of pre-prepared questions will be presented by the researcher to obtain information regarding the restructuring process of establishing a palm oil plantation subholding in Indonesia. Additionally, the interviews aim to gather insights into the challenges encountered during the business restructuring process in forming the palm oil commodity subholding.

Furthermore, through the interview process, the researcher aims to explore in-depth information on both major and minor challenges and obstacles encountered during the process leading to mergers and spin-offs as part of the corporate actions of the business group.

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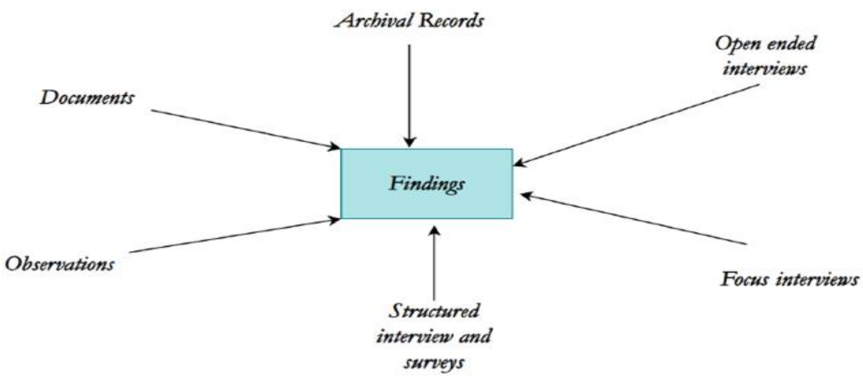
The information regarding the challenges and obstacles encountered can serve as a key discussion point in this research. Additionally, this study is expected to provide the best solutions to address the issues arising from delays in corporate actions. Since these delays have financial implications and impact the company's cash flow stability, the proposed solutions should ideally help restore the affected cash flow as soon as possible.

Research Instrument

Triangulation is a data collection technique that gathers research data and evidence from diverse sources. In case study research, obtaining data and evidence from multiple sources is highly recommended to maximize the quality of information collected (Yin, 2018).

The concept of triangulation is illustrated in the figure below. Data triangulation aims to enhance the validity, rationality, and findings of the study by integrating data from various sources (Yin, 2014). Thus, the data triangulation method helps strengthen the information obtained during the evaluation process.



Research Stages

The research begins by observing and identifying the issues affecting the research object, which then serve as the foundation for formulating the research problem and conceptual framework. Once the research problem is clearly defined, the researcher conducts a literature review relevant to the study. This review supports the analytical approach used to assess the strengths and weaknesses of the corporate merger and provides the most appropriate recommendations for the existing issues.

After establishing a well-defined research problem and conceptual framework, the researcher proceeds with the study by conducting a series of interviews with carefully selected interviewees who are best suited to answer the research questions. Additionally, secondary data is collected to further support the research.

Conceptual Framework

In writing this research, the researcher plans to use an evaluation case study approach. The aspects to be evaluated include the factors that caused the corporate action of company “X” to be delayed (not aligning with the planned timeline), the impacts resulting from this delay, and how the company should respond to mitigate and address the consequences of the postponed merger and spin-off.

RESULTS AND DISCUSSION

Background of the Company Integration

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Based on interviews conducted directly by the author with several Senior Vice Presidents and Vice Presidents of Company “X,” the following are some of the reasons why shareholders initiated the merger of subsidiaries within the "X" Group:

a. The subsidiaries were experiencing significant liquidity difficulties, making it challenging to finance their operational activities. In fact, some subsidiaries even struggled to pay their employees' salaries on a monthly basis.

b. Shareholders, together with company management, aimed to enhance and create new value within the business group. Through the creation and enhancement of this new value, the company is expected to establish a stronger foundation as a group, continue to grow, and ensure the sustainability and ongoing viability of the business as a whole.

c. The company planned to raise funds through an Initial Public Offering (IPO) scheme to finance the construction of a new cooking oil factory and to repay part of its debt to both banking and non-banking creditors.

In addition to these three main objectives, the strategic goals of the company’s restructuring through the merger of subsidiaries are as follows:

1. Value discovery of plantation assets.
2. Maximization of value through increased EBITDA.
3. Protection of company value through ESG (Environmental, Social, and Governance) principles.
4. Fundraising to reduce the company's debt for long-term financial sustainability.
5. Strengthening the performance culture and leadership capabilities.
6. Enhancing focus on existing business areas.

The business merger is an execution of the mandate from the Government, as stipulated in Coordinating Minister for Economic Affairs Regulation of the Republic of Indonesia No. 21 of 2022, which serves as the second amendment to Regulation No. 7 of 2021 regarding the revised list of National Strategic Projects. The strategic initiative behind this restructuring plan also supports three out of seven national priorities :

1. Strengthening economic resilience for quality and equitable growth through downstream development in the food sector, which will enhance the availability, affordability, and sustainability of essential goods for the public.
2. Developing regions to reduce disparities and ensure equal distribution by implementing an oil palm rejuvenation program that will impact approximately 120,000 plasma farmers and their families through the replanting initiative.
3. Building a sustainable environment, enhancing disaster resilience, and addressing climate change through the acceleration of renewable energy development, which also reduces dependence on imported energy (via biofuel production) and supports decarbonization efforts.

These points align with a study by Aik, Hassan, & Mohamad (2015), which states that mergers, with all their benefits, are often used as a solution to rescue financially troubled or liquidity-challenged companies. Their research indicates that mergers and acquisitions can enhance a company’s operational performance by improving both technical efficiency and cost management.

Factors Contributing to the Success of the Merger

1. Support from External Parties

As a State-Owned Enterprise (SOEs), Company "X" interacts with a wide range of stakeholders. The role and support of these stakeholders have a significant impact on the success of a corporate merger within a State -Owned Enterprise.

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Therefore, the company must establish and maintain good relationships with all its stakeholders to ensure the smooth implementation of the merger process.

Key external support includes:
a. Support from Shareholders
b. Support from the Ministry of State Secretariat
c. Support from the Coordinating Ministry for Economic Affairs
d. Support from the Ministry of Agriculture
e. Support from the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (BPN)
f. Support from the Ministry of Finance
g. Support from the Ministry of Home Affairs

According to evaluations from several sources, Company "X" faced challenges during the initial stages of the merger plan. Some ministries and institutions did not provide immediate attention or full support for this government's strategic project, leading to delays in certain processes and work targets.

2. Regulatory Framework

The Coordinating Minister for Economic Affairs Regulation of the Republic of Indonesia No. 21 of 2022, which serves as the second amendment to Regulation No. 7 of 2021, includes the Government's National Strategic Projects list valid until the end of the then-current President and Vice President's term. This National Strategic Project framework became the foundation for Company "X" to proceed with its integration, involving multiple aspects in the process.

Taxation Aspects in the Merger Process

One of the most critical aspects of the merger process is taxation, which includes both central and regional taxes.

According to Law No. 36 of 2008, Article 4(1):
"Taxable income includes any additional economic capability received or obtained by a taxpayer, whether originating from Indonesia or abroad, which can be used for consumption or to increase the taxpayer's wealth, in any name or form."

Since the integration carried out by Company "X" involves asset transfers from multiple subsidiaries to a single subsidiary, this type of integration falls under a "Horizontal Merger", which involves inter-company asset transfers.

From an accounting and taxation perspective, asset transfers between companies require at least two types of valuation data:

1. Book Value
2. Market Value

These asset transfers trigger two key tax implications:

- Final Income Tax on the Transfer of Land and Buildings
- Capital Gains Tax (Income Tax on Market Value - Book Value Difference)

To support National Strategic Projects (PSN), the government issued Minister of Finance Regulation No. 56, amending Minister of Finance Regulation No. 52/PMK.010/2017 regarding the use of book value for asset transfers in mergers, consolidations, spin-offs, or acquisitions.

According to Article 1(2) of this regulation:
"To apply Income Tax regulations, taxpayers may use book value for asset transfers in the context of mergers, consolidations, spin-offs, or acquisitions, after obtaining approval from the Director General of Taxes."

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This means that the use of Book Value in business mergers and transfers is only permitted once the taxpayer:
- Meets all requirements
- Applies to book value usage to the Directorate General of Taxes (DJP)

Upon approval of Book Value usage, the corporate taxpayer is automatically exempted from Capital Gains Tax, as there is no difference between book value and market value in the asset transfer.

Additionally, after obtaining Book Value Approval from DJP, the taxpayer can apply for exemption from Final Income Tax (PPh Final) of 2.5% of the total market value of the transferred land and buildings.

3. Assistance from Consultants

The implementation of business integration/merger is a large-scale project that requires synergy across multiple aspects. Extensive knowledge and skills are crucial for its execution.

Based on the author's observations, further reinforced by statements from key informants, the complexity of this corporate merger posed a significant challenge for the company. At that time, the personnel directly in charge of the project lacked sufficient human resources and capabilities to independently execute the integration process.

To address this issue, Company "X" hired external consultants to assist in the business restructuring process. While the restructuring did not proceed flawlessly, the presence of consultants provided valuable support to Company "X" in executing its corporate action, particularly in establishing a palm oil sub-holding.

Factors Hindering the Success of Company "X" Merger

1. **Creditor Approval**

As a group, the company had a significant amount of debt owed to multiple creditors. The high level of corporate debt, combined with substantial interest burdens, was one of the key reasons for pursuing integration. The fundraising plan through an IPO was considered a viable solution to repay part of the debt.

However, obtaining creditor approval was challenging due to:

- The company's existing loan agreements, which prohibited asset transfers within a specific timeframe without creditor approval.
- The lengthy negotiation process, which delayed the merger beyond its initial timeline.

Creditors	**Loan**
Bank X	Rp12.015.845.368.333
Bank Y	Rp5.417.852.744.696
Ban Z	Rp6.904.377.825.512
Non Bank Institution A	Rp1.211.889.519.912
Total	**Rp25.549.965.458.453**

2. **Aggressive Timeline**

A timeline is a critical metric used to measure the achievement of goals in any organizational project. In the case of Company "X", the timeline was designed collaboratively with shareholders to ensure that all plans and targets could be met.

One of the primary reasons for the tight and aggressive schedule was that the company's Initial Public Offering (IPO) needed to be completed before the 2024 General Election and political campaign period.

This aligns with a 2024 study by Yudiaatmaja, *"The Impact of the 2024 Election on Indonesia's Capital Market"*, which found that the 2024 General Election significantly affected the Jakarta Composite Index (IHSG). This created

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high market uncertainty during the political campaign and election period, leading Company "X"'s shareholders to decide against launching the IPO close to these events.

3. People Who Reluctance to Change

The merger in this study involved the integration of diverse subsidiary companies, each with different backgrounds, operational cultures, and mindsets.

Some subsidiaries:

- Were already comfortable with their current conditions and did not see the need for a merger.
- Faced severe liquidity challenges and poor financial ratios, making merger a necessity for survival.

This diversity in perspectives created delays in execution, as not all parties were equally motivated to merge.

To bridge these differences, Company "X"'s management had to mediate conflicting interests. However, the process of aligning stakeholders required time, making smooth business integration more difficult.

4. Relationships with Stakeholders

Stakeholders play a crucial role in the success and sustainability of any corporate project. This is especially true for State-Owned Enterprises (BUMN) like Company "X", where the number and influence of stakeholders are significant.

Based on interviews and supporting legal documents, the merger was delayed because certain stakeholders had not provided legal approvals necessary for integrating subsidiaries.

Apart from internal readiness, external support from relevant agencies and institutions was critical. Company "X" could not execute the merger independently without government backing.

The speed of the merger process was heavily influenced by stakeholder engagement, including approvals from shareholders, ministries, and regulatory bodies. Their endorsement was essential for ensuring the smooth execution of the corporate restructuring.

5. Non-Ideal Conditions

As previously explained, the implementation of a corporate action in the form of a business merger involves many aspects, including legal, financial, and taxation aspects. Company "X," as a state-owned enterprise operating in the plantation industry, is subject to various regulations, including those set by the Ministry of Agriculture regarding land ownership limits for companies. This limitation is regulated under Government Regulation No. 26 of 2021 on the Implementation of Agricultural Affairs, which states that the maximum land area a palm oil plantation company can own is 100,000 hectares. However, the merger of several subsidiaries within the Company "X" group will result in a palm oil plantation sub-holding company with a total plantation area exceeding 500,000 hectares. This is in reference to Article 3(1) of the aforementioned regulation.

The potential administration resulting from this land area restriction has become one of the major obstacles to the integration of Company "X." At this point, support from the government, shareholders, and other stakeholders is crucial. The required of administration requiremnets will obstruct the company and could lead to the failure of this integration process.

Various efforts have been made by the management and employees of Company "X" to amend this regulation or obtain an exemption from it. However, this process has taken months and has become one of the factors delaying the timely execution of the business merger.

IPO Failure

The Initial Public Offering (IPO) was planned as a follow-up corporate action to be carried out by Company "X" after the corporate merger had been completed. However, the timing of the IPO coincided with the general election period, as studied in the 2024 research by Yudiaatmaja, titled "The Impact of the 2024 General Election on the Indonesian

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Capital Market." The study indicates that stock price uncertainty tends to be very high during elections and political campaigns.

This high market uncertainty led to the cancellation of Company "X"'s IPO, as the merger exceeded the initially agreed timeline set with the shareholders, as previously discussed in Chapter I of this research.

If analyzed further, the effects of political situations—especially elections—on stock prices can be explained as follows:

1. Uncertainty

General elections often create uncertainty in the capital market because election results determine the direction and economic policy implications that may arise from the victory of a particular leader or political party. This uncertainty can lead to market price volatility and significant stock price fluctuations.

2. Investor Sentiment

Investor sentiment can be affected by election results. If the outcome does not meet investors' expectations, they may withdraw their investments from the capital market, leading to a decline in stock prices.

3. Economic Policies

The victory of a leader from a particular political party can lead to changes in economic policies, which in turn affect the stock prices of companies in industries impacted by government economic policies.

4. Foreign Exchange Fluctuations

Unexpected election results or political uncertainty can impact the exchange rate of the domestic currency. Currency fluctuations can significantly affect multinational companies and export-import sectors, which can be reflected in their stock prices in the stock market.

5. Short- and Long-Term Market Reactions

The initial reaction of the stock market to election results is often short-term and impulsive. However, in the long term, the impact of elections on the stock market depends on the economic policies implemented by the newly elected government and other economic factors.

Areas for Improvement

a. Adequate Knowledge

Carrying out a corporate action such as a merger, which involves various aspects, is highly complex, especially under non-ideal conditions. The challenges and supporting factors encountered during Company "X"'s merger process provide valuable lessons for both Company "X" as a subholding and the larger group of Company "X."

Several obstacles, such as delayed responses from stakeholders regarding key legal documents, lack of optimal coordination with ministries, institutions, and external parties during the initial merger planning phase, and limited stakeholder support, have now become key areas of improvement for Company "X" at a group level.

As previously mentioned, State-Owned Enterprises (SOEs) have more stakeholders compared to private companies. This factor led to the appointment of a new director after the merger, specifically the Director of Institutional Relations, as noted by an interviewee in this research.

Adequate understanding and knowledge are not limited to institutional relations but also extend to creditor approval, which requires careful attention and expertise from Company "X"'s management and employees. The time required to obtain such approvals can be lengthy, and a key preventive measure is to understand the requirements and expectations of each creditor from the outset. This would allow for the early preparation of necessary documents, ultimately saving time in securing creditor approvals. Proper preparation and sufficient knowledge are critical success factors in this regard.

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b. Relationships with Stakeholders

According to one of the research interviewees:
"If there is one thing we could have improved from the beginning, it would be building stronger and more intensive relationships with all stakeholders. This would have ensured a smoother and more seamless business restructuring process."

The role of stakeholders in this process is crucial, as they provide:

- Information and consultation
- Regulatory facilitation
- Bridging connections with external parties
- Issuing necessary decisions and legal products

Company "X"'s management and employees experienced a significant difference before and after improving stakeholder engagement. Initially, only the Ministry of SOEs (as the major shareholder) provided substantial support. However, as stakeholder engagement and communication intensified, the merger process became smoother, allowing other stakeholders to contribute more effectively, thus facilitating the overall business integration process.

Going forward, Company "X" must maintain strong relationships with all its stakeholders, as stakeholder engagement is a mandatory requirement for any State-Owned Enterprise (SOE).

c. More Comprehensive Problem Mapping

Several unforeseen conditions and challenges arose during the merger preparation and transition phases, creating risks that should have been mitigated from the early stages of integration planning.

During the integration study phase, management—assisted by external consultants—attempted to map out potential risks and issues comprehensively. However, due to the complexity of the merger process, some risks and challenges were overlooked, leading to delays in the integration process. As a result, the initial timeline targets could not be met, requiring postponements that ultimately caused the IPO to be canceled.

Although risks cannot be entirely eliminated, their impact and occurrence can be minimized. Company "X" should treat this experience as a valuable lesson for future corporate actions within its business group. Some of the unmapped risks occurred because the company lacked extensive experience in corporate mergers. Therefore, this experience should serve as a critical lesson learned for future corporate actions.

CONCLUSION

This research has thoroughly evaluated the business restructuring process of Company "X" within the palm oil plantation sector in Indonesia, specifically focusing on the merger process that aimed to enhance operational efficiency and financial sustainability. The findings indicate that the delay in the merger, which subsequently impacted the company's planned Initial Public Offering (IPO), stemmed from a combination of internal and external factors.

The primary issues identified include challenges related to obtaining creditor approval, the aggressive timeline set for the merger, resistance from parties reluctant to change, and the lack of sufficient external support during the merger process. These factors combined to delay the merger and disrupt the company's financial targets, including the timely launch of the IPO, which was intended to raise funds for debt repayment and the construction of a new cooking oil factory.

The study also highlights the importance of due diligence and comprehensive stakeholder engagement in mitigating such delays. Effective communication with all stakeholders, including government ministries and external creditors, could have facilitated a smoother process. Moreover, addressing these obstacles earlier in the restructuring phase would have allowed Company "X" to meet its original timeline and avoid the negative financial consequences.

As a lesson learned, several theories regarding business restructuring through mergers and acquisitions can serve as additional references to enrich knowledge and insight in carrying out business combinations, whether in the form of mergers or acquisitions, in addition to the use of the Company Law that has so far been applied in fulfilling the documents and requirements for business combinations. Because based on the evaluation, there were several phases that were not fulfilled in the business restructuring activities carried out by Company "X." The phases that were not fully completed are: the research phase, the negotiation phase, and the phase of developing the integration plan.

In conclusion, this case study underscores the critical role of careful planning, stakeholder management, and regulatory compliance in executing large-scale corporate actions such as mergers. Company "X" must refine its approach to business restructuring by enhancing its internal capacity, fostering stronger stakeholder relationships, and ensuring that potential risks are adequately addressed in future corporate actions. The insights gained from this study can serve as a valuable lesson for other companies in similar industries, particularly State-Owned Enterprises (SOEs), seeking to undertake mergers, acquisitions, or other significant corporate transformations.

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