



Financial Performance Analysis Based on the BUMN Decree at PT Pelabuhan Indonesia IV (Persero)

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Abstract. This study evaluates the financial health of PT Pelabuhan Indonesia IV (Persero) and explores strategies to enhance it by integrating green economy principles. Using the financial health assessment method from BUMN Decree No. KEP-100/MBU/2002, this descriptive quantitative research analyzes the results in detail. The findings highlight the importance of reducing costs, such as marketing and operational expenses, to optimize the company's financial health. This can be achieved by improving or developing more cost-effective and targeted marketing strategies. Furthermore, the company can enhance profitability by minimizing operational costs and maximizing revenue through increased container shipments. Additionally, optimizing the utilization of assets and reducing the amount of idle cash or other current assets can help prevent excess asset idleness. Investing in green technology, such as energy-efficient systems or environmentally friendly technologies at the port, could further reduce operational costs and improve resource efficiency.

Keywords: Financial Health, BUMN Decree, Green Economy

1 Introduction

With the growing global awareness of climate change and environmental deterioration, the concept of a green economy has become highly relevant in business management, including the port sector. The green economy is an economic development model aimed at balancing economic growth, social welfare, and environmental sustainability. In this model, companies are expected to operate in ways that not only generate profits but also minimize negative environmental impacts through resource efficiency, carbon emission reduction, and the adoption of eco-friendly technologies.

The port sector, being a crucial part of the global supply chain, plays a significant role in creating environmental impacts. Energy consumption in port operations, such as cargo handling and the use of port facilities, often contributes significantly to carbon emissions. Therefore, implementing green economy strategies in the port sector can provide multiple benefits, both in terms of increasing operational efficiency and reducing the carbon footprint.

One of the business sectors managed by state-owned enterprises (SOEs) in Indonesia is seaport management. Pelabuhan Indonesia (Persero) is an international-

standard port providing integrated services across ports throughout Indonesia. Pelabuhan Indonesia is the result of a merger of four SOE-owned ports.

PT Pelabuhan Indonesia IV (Persero) is a state-owned enterprise focused on managing seaports. It was established dated October 19, 1991 based on Government Regulation (PP) No. 59, regarding its transformation. The company, formerly a public company (Perum), is now a limited liability company (Persero). Its business activities include the provision of pilotage and tugboat services, as well as the provision and management of port waters, harbor basins, and berthing locations for vessels. Additionally, the company offers cargo handling services for various types of goods, including general cargo, dry bulk, liquid bulk, containers, and vehicles. These services are supported by multipurpose docks that ensure the efficient loading and unloading of goods, as well as services for livestock and various types of cargo.

The company also provides services for passenger terminals, small-scale shipping, dry bulk, multipurpose terminals, container terminals, and liquid bulk terminals. Other activities include the provision and management of warehouses, storage yards, tank farms, and bonded warehouses, as well as port equipment and cargo handling tools. The company further offers land for various types of buildings, industrial yards, and structures related to the smooth operation of multimodal transportation. Fuel supply services for vehicles and vessels within the port environment are also part of the company's service offerings.

The financial health evaluation of state-owned enterprises (SOEs) is conducted based on the Minister of SOEs Decree No. KEP-100/MBU/2002 by reviewing several ratios, including solvency ratios, liquidity ratios, activity ratios, and profitability ratios. Among these ratios, there are eight key indicators established by the government: Return on Investment (ROI), Collection Period, Cash Ratio, Current Ratio, Return on Equity (ROE), Inventory Turnover, Total Asset Turnover (TATO), and Equity to Total Assets. In addition to these indicators, several initiatives can be implemented to further improve financial health, such as transitioning to renewable energy sources, including the use of solar panels or wind energy for port facilities. Enhancing resource management efficiency through waste recycling, reducing water usage, and lowering emissions from cargo and vessel operations through route optimization and environmentally friendly transportation technologies are also part of green strategies. Not only do these measures benefit the environment, but the adoption of green economy practices can also boost the company's competitiveness. Companies that offer green solutions gain a competitive advantage in attracting more international partners. Moreover, firms that adopt green strategies often find it easier to access green financing, such as low-interest loans from institutions that support sustainable development.

In order to generate profits and increase company value, maintaining strong financial performance is essential. Therefore, it is necessary to assess the financial performance and provide recommendations for future business financial strategies.

Zusana Perdani Sudiasih Minulyo's study, titled "Financial Health Analysis of Companies Based on the Decree of the Minister of SOEs" focused on PT Tambang Batubara Bukit Asam (Persero) Tbk. and PT Perusahaan Gas Negara (Persero) Tbk [1]." indicated that PT Tambang Batubara was in a healthy condition with improved performance scores, while PT Perusahaan Gas experienced a decline in performance scores but remained in a healthy condition.

This study concluded that PT Garuda's financial performance was rated as good or healthy in 2015. In 2016, the company was rated BBB, indicating a less healthy condition. During the 2017-2018 period, it received a B rating, signifying a less healthy state[2]. However, in 2019, the company returned to the healthy category. It is expected that the company will further improve its financial health and performance to achieve an AAA rating, indicating an excellent financial condition.

The commonality of this research with previous studies lies in the analytical methods used to assess the financial health of companies based on the Ministerial Decree. The difference, however, is in the methods applied for maximization. The researcher also analyzes the factors contributing to the improvement or decline in financial health, allowing the company's management to formulate decisions or policies that can help enhance the company's financial health continually.

2 Literature Review

2.1 Financial Health

Financial health reflects the outcomes achieved by a company's management in efficiently handling the organization's assets over a given period. It is crucial for a company to assess and gauge its success based on its financial activities[3]. A company's financial health represents the level of success attained by its management in managing finances efficiently and effectively across various activities such as operations, investments, and financing during a specific period, evaluated using established measurement standards and widely accepted analytical tools[4]. Financial performance is an assessment carried out to determine how effectively and efficiently a company has managed its financial resources[5]. From these definitions, in conclusion financial Health represents the outcomes achieved by a business or company over a specific period, reflecting its financial well-being and serving as a basis for decision-making.

2.2 Maximizing financial performance

Maximizing financial performance is the process by which a company selects the level of output produced to optimize its financial health. The choice of maximum output level will also determine the combination of inputs used and processed, thereby influencing the output. In accordance with Ministerial Decree No. KEP-100/MBU/2002, the evaluation of financial aspects is carried out by analyzing eight key ratios, which serve as government-established indicators for assessing the financial health of state-owned enterprises (SOEs). These eight ratios consist of (ROI) Return on Investment, Collection Period, Cash Ratio, Current Ratio, Return on Equity (ROE), Inventory Turnover, Equity to Total Assets and Total Asset Turnover (TATO). The maximum weight for the Financial Aspect Assessment Indicators based on the Ministerial Decree is illustrated in Table 2.1.

Table 1. Financial Aspect Assessment Indicators for State-Owned Enterprises (BUMN)

Indikator	Bobot	
	Infra	Non Infra
1 (ROE) Return on Equity	15	20
2 (ROI) Return on Investment	10	15
3 (CAR) Cash Ratio	3	5
4 (CUR) Current Ratio	4	5
5 (CP) Colection Periods	4	5
6 (IT) Inventory Turnover	4	5
7 (TATO) Total Asset Turnover	4	5
8 Equity to Total Assets Ratio	6	10
Total Bobot	50	70

Source: Ministerial Decree No. KEP-100/MBU/2002 issued by the Ministry of State-Owned Enterprises

2.3 Green economy

Green economy is defined as an economic system that aims to achieve social and economic well-being without compromising the environment. The United Nations Environment Programme (UNEP) states that a green economy improves human well-being and promotes social equity, all while substantially mitigating environmental risks and addressing ecological shortages. This concept emphasizes the efficient use of natural resources to minimize waste and mitigate negative environmental impacts.

The implementation of green economy practices often results in greater efficiency. For example, utilizing renewable energy sources and energy-efficient technologies can lead to a reduction in long-term energy costs. By decreasing operational expenses, companies can enhance profit margins and overall financial performance.

2.4 Effectiveness

can be defined as a measure of whether an organization has successfully achieved its objectives. If an organization successfully reaches its goals, it is said to be operating effectively [6]. Meanwhile [7] states that effectiveness is the ability to perform tasks and functions (operational activities or missions) of an organization or similar entity without pressure or tension during implementation. Drawing from the definitions provided, it can be inferred that effectiveness serves as an indicator of an organization's success in meeting its objectives by evaluating its capability to perform tasks and execute the operational functions of its programs.

3 Methods

This study was conducted on PT Pelabuhan Indonesia IV (Persero) and utilized secondary data obtained from the official website of PT Pelabuhan Indonesia IV. The data collection techniques employed in this research include:

3.1 Document Analysis

Data collection techniques were carried out by reviewing documents relevant to the research, specifically the audited financial reports of PT Pelabuhan Indonesia IV (Persero) for the years 2016-2020, which were obtained from the company's official website.

3.2 Interviews

Data collection techniques involved administering questionnaires or interviews to managers or staff in the finance department of PT Pelabuhan Indonesia IV (Persero) regarding business activities, business policies, and information relevant to the research. This research method is descriptive quantitative in nature, where the results will be calculated, analyzed, and explained in detail.

4 Results and Discussion

The assessment outcomes of the financial health of PT Pelabuhan Indonesia IV (Persero) over the five-year period from 2016 to 2020 are presented in the following table:

Table 2. Financial Health of PT Pelabuhan Indonesia IV (Persero) for the Period 2016-2020 Based on the BUMN Decree.

YEA R	RO E	ROI	Cas h Rati o	Cur rent Rati o	Coll ectio n Peri	Inve ntor y Tur	TAT O	Equi ty to Asse ts	Total Weight
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					ods (CP)	nove r			
2016	6	9	3	3	4	4	2, 5	4,5 0	36
2017	7,5	10	3	3	4	4	3, 5	4,2 5	39
2018	6	10	3	3	4	4	4	5	39
2019	7,5	10	3	2	4	4	4, 0	5	40
2020	5	9	3	3	4	4	3	5	36

Profitability, as indicated by ROE and ROI, asset utilization measured by TAO, capital structure represented by the Equity to Total Assets ratio (TMS/TA), and working capital depicted by the current ratio, have not yet reached their maximum scores. In contrast, liquidity as represented by the Cash Ratio, as well as operational liquidity measured by Collection Periods and Inventory Turnover, has already achieved maximum scores.

4.1 Profitability Analysis

The profitability of PT Pelabuhan Indonesia IV (Persero), based on ROI and ROE, has fluctuated and tends to show a decline. This indicates that the management has not been successful in maintaining improvements in asset/investment management and sustaining the enhancement of equity management to generate profits.

4.2 Working Capital Analysis

Overall, the working capital turnover of PT Pelabuhan Indonesia IV (Persero) has achieved a maximum score; however, the cash ratio and current ratio percentages in 2020 exceeded the established limits. This suggests that the level of working capital unemployment is relatively high. The amounts in Cash + Bank + Short-Term Financial Instruments and current assets should be reduced, and assets can be reallocated for other uses to enhance productivity, thereby increasing profitability.

4.3 Capital Structure Analysis

The capital structure study indicates that, although there has been a gradual increase, its fluctuations have not yet reached optimal values. To maximize the equity ratio to total assets, the percentage should be increased by reducing the nominal value of equity. Additionally, capital fulfillment can be shifted to liabilities or debt, while still adhering to the regulations issued by the government.

4.4 Asset Utilization Analysis of PT Pelabuhan Indonesia IV (Persero)

The asset utilization, as represented by the Total Asset Turnover (TATO) ratio of PT Pelabuhan Indonesia IV (Persero), has experienced fluctuations and tends to show an increase; however, in 2020, it has not yet reached the maximum score. To maximize the Total Asset Turnover (TATO) ratio, the percentage of this ratio needs to be improved by increasing revenue. Revenue enhancement can be achieved by optimizing the utilization of the company's assets[8].

A long-term strategy to maximize the company's assets involves investing in green technology, such as enhancing energy efficiency or implementing environmentally friendly technology at the port, which can reduce operational costs and improve resource utilization efficiency. Additionally, a strategy to reduce carbon emissions in the company's operations can enhance the image's and attract more business partners who are concerned with sustainability[9,10].

4.5 Operational Activity Analysis of PT Pelabuhan Indonesia IV (Persero)

Operational activities, as reflected in the Receivables Turnover ratio (Collection Periods, CP) and Inventory Turnover (IT) over the five periods, have reached optimal levels. This condition should be maintained by the company, as it reflects good operational activity[11,12]

5 Conclusion

According to the findings from the research on the maximization of the financial health of PT Pelabuhan Indonesia IV (Persero), four conclusions can be drawn as follows:

1. Profitability: The profitability of PT Pelabuhan Indonesia IV (Persero) has fluctuated and tends to decline. This indicates a decrease in performance regarding cost and asset management. To maximize profitability, PT Pelabuhan Indonesia IV (Persero) needs to reduce certain costs, such as marketing and operational expenses. This can be achieved by improving or creating new, targeted marketing strategies that are cost-effective. Additionally, the company can maximize profitability by reducing operational costs and increasing revenue through container shipment optimization. Each container operation at PT Pelabuhan Indonesia IV (Persero) should be fully loaded, ensuring that no containers return empty, thereby maximizing efficiency. The utilization of current assets also needs to be maximized by making various investments or collaborations that can provide revenue feedback for PT Pelabuhan Indonesia IV (Persero).
2. Working Capital: The working capital of PT Pelabuhan Indonesia IV (Persero) has reached the maximum score; however, the percentage of working capital exceeds the set limits. This indicates a high level of idle working capital. To maximize the financial health of PT Pelabuhan Indonesia IV (Persero), the amount of cash and cash equivalents or current assets should be reduced to

prevent excessive idle assets. One approach to achieving this is through investment.

3. Capital Structure: The company's mix of debt and equity financing has experienced fluctuations and tends to show an increase, but it has not yet reached the maximum score. To achieve maximization, total equity needs to be reduced. Capital fulfillment can be shifted to liabilities or debt while adhering to the regulations or guidelines issued by the government.
4. Asset Utilization: The asset utilization of PT Pelabuhan Indonesia IV (Persero) has not yet reached the maximum score. To maximize the company's financial health, revenue must be increased by optimizing the utilization of company assets through investments in green technologies, such as improving energy efficiency or adopting environmentally friendly technologies at the port. These efforts can reduce operational costs and improve the efficiency of resource utilization.

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