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Impact Analysis of National Assignment Projects (PSN) on State-Owned Construction Enterprises As Project Assignment Recipients (A Case Study on The Assignment of State-Owned Construction Enterprises For The Period 2014-2022)

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Abstract: This research aims to assess the impact on two main aspects: profitability performance and solvency performance of construction state-owned enterprises (BUMNs). It evaluates changes in net profit and related profitability indicators, as well as changes in the debt-to-equity ratio and other solvency indicators during the assignment period. By examining these aspects, the research aims to provide a scientific perspective on how the assignment of national strategic projects affects the financial health of the assigned companies. The study utilizes a case study approach with a descriptive method, focusing on financial data extracted from the annual reports of three BUMNs: PT Waskita Karya (Persero), PT Hutama Karya (Persero), and PT Adhi Karya (Persero). These companies have been tasked with executing National Strategic Projects (PSNs) since 2015. The scope of the study spans from one year prior to the assignment in 2014 to the performance year of 2022. The sample selection is based on the significant roles of these companies in implementing PSNs in Indonesia. The research data includes elements from the companies' financial statements, such as the balance sheet, income statement, and cash flow statement, gathered from annual financial reports accessible through official websites or financial databases. Financial analysis techniques, including Common Size Analysis, Ratio Analysis, Z-Score Analysis, Economic Value Added (EVA), and Du Pont Analysis, will be applied to analyze and compare the financial performance of the three BUMNs throughout the study period. The research findings suggest that PSN assignments had a significant impact on the profitability of PT Hutama Karya (Persero), PT Waskita Karya (Persero), and PT Adhi Karya (Persero). All three companies faced increased financial pressure due to interest burdens, indicating internal financial strains affecting profits. While PT Hutama Karya experienced increased interest burdens, PT Waskita Karya showed limited revenue growth, and PT Adhi Karya witnessed a decline in net income. Solvency varied among the companies, with PT Adhi Karya and PT Hutama Karya demonstrating good short-term liquidity, whereas PT Waskita Karya experienced decreased liquidity. Economic value added decreased for all three

companies, reflecting challenges in generating returns equivalent to capital and debt utilized. PT Adhi Karya and PT Hutama Karya improved capital structure, while PT Waskita Karya showed limited improvement.

Keyword: Impact Analysis, National Assignment Projects (PSN), State-Owned Construction Enterprises, Project Assignment Recipients

INTRODUCTION

Infrastructure provision is one of the crucial sectors that must be realized to support economic development for achieving societal well-being. The infrastructure sector is expected to play a role as a backbone and driver of economic activities (Nuarisqi & Ubed, 2020). The presence of quality infrastructure is one of the determining factors in determining the competitiveness of a country, besides macroeconomic performance, government efficiency, and business efficiency (Naima & Yudanto, 2020).

The Indonesian government has designated infrastructure development as a top priority in the RPJMN 2015-2019. To expedite infrastructure provision, Presidential Regulation (Perpres) Number 122 of 2016 Regarding Amendments to Presidential Regulation Number 75 of 2014 Concerning the Acceleration of Priority Infrastructure Provision marked a strategic step by the government. Based on this regulation, the Committee for Acceleration of Priority Infrastructure Provision (KPPIP) was formed to accelerate development and determine National Strategic Projects (NSP), chaired by the Coordinating Minister for Economic Affairs with the Vice Chair from the Coordinating Ministry for Maritime Affairs and members from various relevant ministries. National Strategic Projects are projects carried out by the Government, Regional Governments, and/or business entities that have strategic interests to drive growth and equitable development, with the aim of improving societal welfare and regional development (Presidential Regulation (Perpres) Number 3 of 2016 Regarding the Acceleration of National Strategic Projects Implementation, 2016). In fulfilling the mandate of the law, the Committee for Acceleration of Priority Infrastructure Provision (KPPIP) has tasks as described in the following figure:

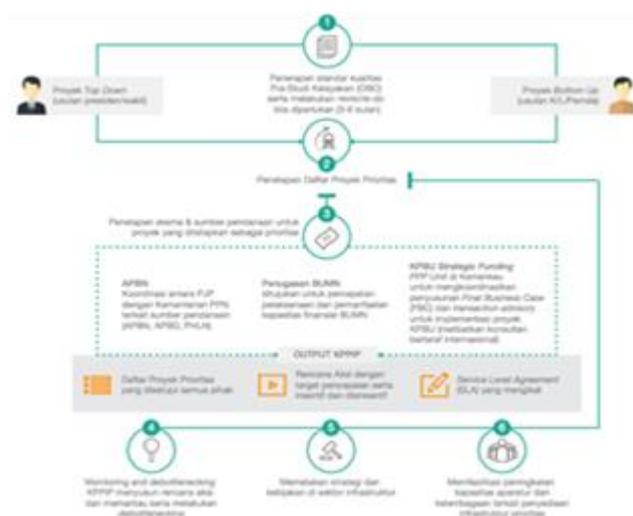


Figure 1. KPPIP Tasks according to Presidential Regulation Number 75 of 2014

To achieve development growth, the Coordinating Minister for Economic Affairs as the leader of KPPIP has made five changes to the National Strategic Projects (NSP) list. The

latest change is regulated by Ministerial Regulation (Permenko) Number 21 of 2022, replacing Presidential Regulation Number 109 of 2020. Currently, the NSP list includes 210 projects and 12 programs. Significant changes include the addition of projects in 2017, 2018, 2020, and 2022, with each change adding and subtracting projects according to the strategic criteria set by the Committee for Acceleration of Priority Infrastructure Provision (KPIIP). To expedite the development of National Strategic Projects (NSP), 51 priority projects have been determined in various fields such as transportation infrastructure, energy, water resources, and telecommunications, with a total investment of 2,665.48 trillion rupiah. These projects are distributed across Sumatra (19 projects), Kalimantan (4 projects), Java (18 projects), Sulawesi (3 projects), Maluku and Papua (2 projects), and 5 national projects.

Based on Presidential Regulation (Perpres) Number 75 of 2014 Concerning the Acceleration of Priority Infrastructure Provision, 2014, the Committee for Acceleration of Priority Infrastructure Provision (KPIIP) established three financing methods to expedite the development of National Strategic Projects (NSP): through the State Budget/Regional Budget (APBN/APBD), Government and Business Entity Cooperation (KPBU), and assignment to State-Owned Enterprises (BUMN). These methods aim to facilitate and expedite the implementation of priority infrastructure projects as regulated.

According to the report of the Committee for Acceleration of Priority Infrastructure Provision (KPIIP) for the second semester of 2022, Figure 2 illustrates the composition of payment methods. Financing through the State Budget is a direct allocation from the government for infrastructure development, providing payment certainty but also imposing a significant burden on the state budget. As an alternative, Government and Business Entity Cooperation (KPBU) involves the private sector in project financing and management, alleviating budgetary burdens and enabling risk and profit sharing for both parties through partnerships.

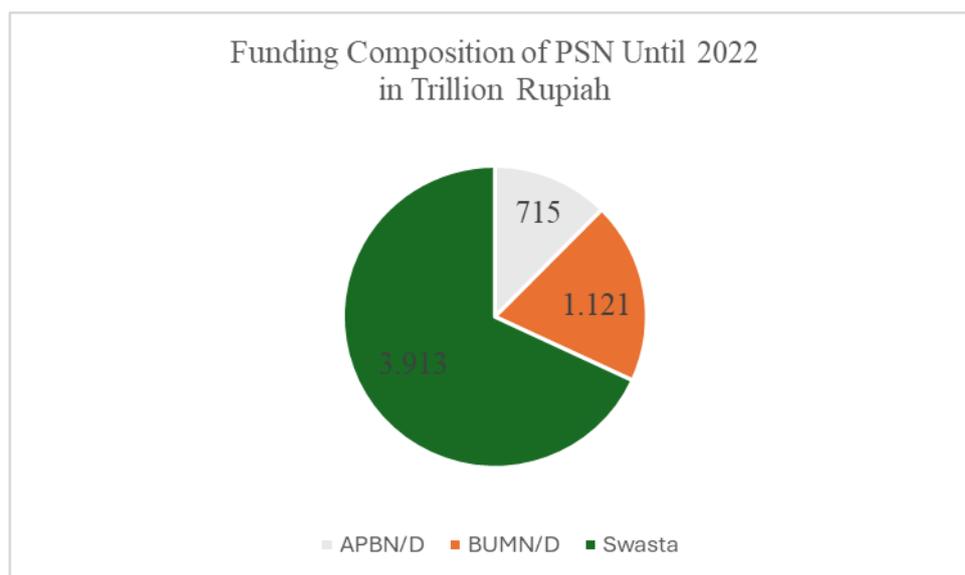


Figure 2. Composition of PSN Funding Until 2022

Source: 2022 Second Semester KPIIP Report

Assigning State-Owned Enterprises (BUMN) in NSP allows the government to utilize the capacities and experiences of BUMN in managing large infrastructure projects. However, it may have various financial and operational impacts on BUMN, especially in the construction sector. For example, PT Hutama Karya contributes capital and receives a 40-year concession period post-project completion. For instance, in the Trans-Sumatra toll road

project, the proportion of company capital and state equity participation varies, such as in the Bakauheni - Lampung section with 32% and 78% respectively.

The financial performance of a company can be reflected through the capital structure formed, which ultimately affects the company's policy and strategic choices. Capital structure theory aims to provide a framework for forming an optimal capital structure, where if a certain level of risk can provide the greatest value to the company, then that capital structure can be considered optimal. In conducting its business activities, a company requires capital from both its own and borrowed capital. To meet the long-term financing needs of the company, it is important to determine the optimal capital structure so that financing can be done efficiently (Naima & Yudanto, 2020).

PT Waskita Karya, PT Hutama Karya, and PT Adhi Karya are State-Owned Enterprises implementing national strategic projects as mandated by the government. Hutama Karya is involved in the Trans-Sumatra toll road project, Waskita Karya in the LRT Palembang and LRT South Sumatra projects, and Adhi Karya in the LRT Jakarta project. Although these projects aim to improve connectivity and economic growth, involved SOEs have significant debts from project financing, posing potential financial risks. Government assignment to construction SOEs to carry out National Strategic Projects has significant financial consequences. Although financing through the State Budget and KPBU can alleviate the government's budgetary burdens, assigning construction SOEs impacts the performance of the assigned companies. Data shows indications of declining performance of construction SOEs from 2015 to 2022, with PT Adhi Karya experiencing an increase in Net Income in 2022 after a period of decline, while PT Waskita Karya and PT Hutama Karya show a pattern of sustained net losses. Table 1.3 records the trend of declining profits and increasing debt ratios for these three SOEs. However, in-depth analysis is needed to ascertain whether the assignment of NSP is a direct cause of profit decline and debt increase, hence this study is expected to provide a deeper scientific understanding of the impact of NSP assignment on the recipient companies.

This research aims to assess the impact on two main aspects. First, it will evaluate the impact on the profitability performance of the construction BUMNs by measuring changes in net profit and related profitability indicators during the assignment period. Second, it will evaluate the impact on the solvency performance of the construction BUMNs by measuring changes in the debt-to-equity ratio and other solvency indicators. By evaluating these two aspects, the research hopes to provide a scientific perspective on how the assignment of national strategic projects affects the financial health of the assigned companies.

METHOD

The research employs a case study approach with a descriptive method. The study focuses on the financial data from the annual reports of three state-owned construction enterprises (BUMNs): PT Waskita Karya (Persero), PT Hutama Karya (Persero), and PT Adhi Karya (Persero), all of which have been assigned to carry out National Strategic Projects (PSN) starting in 2015. The scope of the study spans from one year before the assignment in 2014 to the 2022 performance year, which represents the latest available performance data at the time of the research. The sample for this research is selected based on the significant role these companies play in implementing PSNs in Indonesia. As state-owned construction enterprises receiving government assignments, PT Waskita Karya (Persero), PT Hutama Karya (Persero), and PT Adhi Karya (Persero) provide insights into how government assignments affect the financial and operational performance of companies in this sector.

The data used in this research includes key elements from the companies' financial statements, such as the balance sheet, income statement, and cash flow statement. This data is sourced from the annual financial reports published by each BUMN, which are publicly

accessible through the companies' official websites or financial databases. The data will be analyzed using financial analysis techniques, including Common Size Analysis, Ratio Analysis, Z-Score Analysis, Economic Value Added (EVA), and Du Pont Analysis, to evaluate and compare the financial performance of the three BUMNs over the study period.

RESULTS AND DISCUSSION

Liquidity Ratio

The Quick Ratio provides an overview of a company's ability to meet its short-term obligations measured against the most liquid assets of the company.

Table 1. Quick Ratio of Construction BUMNs Assigned to PSN for the Period 2014-2022

| Company | Quick Ratio | | | | | | | | |
|---------|-------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 128% | 154% | 128% | 120% | 111% | 104% | 88% | 78% | 92% |
| WASKITA | 123% | 110% | 109% | 94% | 109% | 99% | 55% | 141% | 136% |
| HK | 121% | 164% | 123% | 106% | 86% | 97% | 60% | 102% | 193% |

The Quick Ratio provides an overview of a company's ability to meet its short-term obligations measured against the most liquid assets of the company. Table 1. shows the ratio analysis using the quick ratio for State-Owned Enterprises (SOEs) assigned during the period from 2014 to 2022. PT Adhi Karya (Persero) shows a decrease in the Quick Ratio from 154% in 2014 to 92% in 2022. Despite the decrease, this value still indicates that PT Adhi Karya (Persero) has sufficient current assets to cover its short-term obligations. PT Waskita Karya (Persero) also experienced a decrease from 123% in 2014 to 136% in 2022, which reflects an increase in current assets or a decrease in short-term obligations. PT Hutama Karya (Persero), with a ratio increasing from 121% in 2014 to 193% in 2022, indicates an improvement in the company's ability to cover its short-term obligations through an increase in liquid assets. It is in line with the research findings (Fitria et al., 2020) which indicate that State-Owned Banks and Private Banks have the same average value on the Quick Ratio, around 0.11 percent.

Table 2. Current Ratio of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Current Ratio | | | | | | | | |
|---------|---------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 133% | 156% | 129% | 141% | 134% | 124% | 111% | 102% | 120% |
| WASKITA | 138% | 116% | 117% | 100% | 118% | 109% | 67% | 157% | 156% |
| HK | 145% | 186% | 133% | 108% | 104% | 91% | 80% | 108% | 213% |

The Current Ratio measures a company's ability to pay its short-term liabilities using all available current assets. Table 2. shows the ratio analysis using the current ratio for State-Owned Enterprises (SOEs) assigned during the period from 2014 to 2022. PT Adhi Karya (Persero) indicates an increase in the Current Ratio from 129% in 2014 to 120% in 2022, demonstrating a healthy level of liquidity. PT Waskita Karya (Persero) shows a decrease in the Current Ratio from 117% in 2014 to 156% in 2022, indicating an increase in current assets which might be due to asset sales or liability management. PT Hutama Karya (Persero) demonstrates a very strong increase in the Current Ratio from 133% in 2014 to 213% in 2022, indicating a significant improvement in the company's ability to meet its short-term

obligations. This is in line with the findings of a study (Indarto, 2022) which discovered that from the period of 2016 to 2021, PT KIW (Persero) exhibited significant financial performance improvement compared to similar companies across all financial ratios, including Liquidity Ratio, Activity Ratio, Solvency Ratio, and Profitability Ratio. A financially sound company is one that has a Current Ratio (CR) of 200% or 2.00, indicating that for every Rp 1 of current liabilities, there are Rp 2 of current assets to cover it (Hendawati, 2017).

Solvency Ratios

The Debt-to-Equity Ratio (DER) measures the proportion of total debt held by a company against the equity invested by shareholders. This ratio is used in evaluating the capital structure and how aggressively a company finances its growth through debt.

Table 3. Debt-to-Equity Ratio (DER) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Debt to Equity Ratio | | | | | | | | |
|---------|----------------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 537% | 225% | 269% | 383% | 379% | 434% | 583% | 605% | 353% |
| WASKITA | 340% | 212% | 266% | 330% | 331% | 321% | 537% | 570% | 590% |
| HK | 515% | 135% | 218% | 470% | 508% | 299% | 249% | 143% | 84% |

Table 3 presents the Debt-to-Equity Ratio (DER) analysis for State-Owned Enterprises (SOEs) from 2014 to 2022. PT Adhi Karya (Persero) experienced fluctuating DER, suggesting a strategy of financing expansion through debt, posing short-term growth opportunities but increasing financial risks. PT Waskita Karya (Persero) faced a significant increase in DER, likely due to heavy debt for construction projects or operational activities, raising concerns about returns matching obligations. PT Hutama Karya (Persero) showed fluctuating DER, reflecting an improved financial position with state capital injections for PSN projects, maintaining capital structure health. This is in line with the research (Yunus & Simamora, 2021) the higher the banking activities funded by loans, the greater the risk of bank failure in repayment. This will impact the stock prices traded in the capital market and affect banking profitability.

Table 4. DAR (Debt Asset Ratio) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Debt to Asset Ratio | | | | | | | | |
|---------|---------------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 84% | 69% | 73% | 79% | 79% | 81% | 85% | 86% | 78% |
| WASKITA | 77% | 68% | 73% | 77% | 77% | 76% | 84% | 85% | 85% |
| HK | 84% | 57% | 69% | 82% | 84% | 75% | 71% | 59% | 46% |

Analysis of DAR in State-Owned Enterprises (BUMN) from 2014 to 2022. PT Adhi Karya (Persero) experienced an increase in DAR, indicating an increase in the proportion of assets financed by debt. PT Waskita Karya (Persero) also experienced a significant increase in DAR. Meanwhile, PT Hutama Karya (Persero) showed an improvement in DAR during the period, indicating careful management of the capital structure. This study is consistent with the research conducted by (Marota et al., 2019) which indicates that the DAR variable has a significant impact on financial distress.

Activity Ratios

The analysis of activity ratios reveals how companies optimize their assets in increasing company revenue.

Table 5. TATO (Total Asset Turnover) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Total Asset Turnover | | | | | | | | |
|---------|----------------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 86% | 69% | 60% | 63% | 54% | 46% | 29% | 30% | 34% |
| WASKITA | 96% | 66% | 52% | 57% | 44% | 25% | 14% | 12% | 15% |
| HK | 96% | 69% | 49% | 50% | 47% | 34% | 21% | 17% | 17% |

Table 5. shows that PT Adhi Karya (Persero), PT Waskita Karya (Persero), and PT Hutama Karya (Persero) have not maximized their assets in generating company revenue during the period of 2014-2022, as indicated by the TATO values below 100%. PT Adhi Karya (Persero) experienced a decrease from 86% in 2014 to 34% in 2022, while PT Waskita Karya (Persero) and PT Hutama Karya (Persero) also experienced significant decreases from 96% to 15% and 17% respectively. The TATO value reflects a company's ability to generate profit from sales, so the higher the TATO, the better the company's performance. An increase in the TATO value can provide a positive signal to investors to invest in the company because investors rely on fundamental signals from the company (Oktaryani et al., 2021).

Table 6. FATO (Fixed Asset Turnover) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Fixed Asset Turnover | | | | | | | | |
|---------|----------------------|------|------|------|------|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 741% | 558% | 415% | 447% | 382% | 281% | 152% | 141% | 145% |
| WASKITA | 583% | 167% | 122% | 129% | 95% | 48% | 22% | 18% | 24% |
| HK | 918% | 471% | 133% | 82% | 65% | 44% | 28% | 21% | 22% |

The downward trend in FATO across all three companies suggests adjustments in fixed asset values or a decline in revenue. Only PT Adhi Karya (Persero) managed to maximize the use of fixed assets for revenue generation, while PT Waskita Karya (Persero) and PT Hutama Karya (Persero) experienced significant declines.

Profitability Ratios

Profitability ratios provide deep insights into how companies manage their equity and assets to generate profit.

Table 7. ROE (Return on Equity) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Return on Equity | | | | | | | | |
|---------|------------------|-------|-------|-------|-------|------|--------|--------|--------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 19,9% | 9,0% | 5,8% | 8,9% | 8,2% | 9,7% | 0,4% | 1,5% | 2,0% |
| WASKITA | 16,6% | 16,1% | 10,8% | 18,4% | 17,0% | 3,3% | -55,9% | -11,1% | -12,0% |
| HK | 15,6% | 13,4% | 4,0% | 12,4% | 21,5% | 8,0% | -5,7% | -4,4% | -1,6% |

Table 7. shows the performance of ROE (Return on Equity) for State-Owned Enterprises (SOEs) assigned PSN projects. During the research period, ROE and ROA became direct reflections of the company's performance in facing economic and operational challenges. During the observation period, PT Waskita Karya (Persero) and PT Hutama Karya (Persero) experienced net losses from 2020 to 2022. The losses incurred by both companies are attributed to the quality of projects undertaken in generating profits for the companies. Table 7. demonstrates the ROE performance of SOEs assigned PSN projects. PT Adhi Karya (Persero) at the beginning of the observation period had a high ROE of 19.9% in 2014, indicating the company's effectiveness in utilizing equity. However, there was a decline to 2% in 2022, indicating equity growth not accompanied by a proportional increase in profit and an increase in the number of assets not followed by sales growth. PT Waskita Karya (Persero), with a net loss performance, showed a negative ROE of -55.9% in 2020 and still negative at -12% in 2022. This indicates that the company experienced substantial losses as a result of a decline in operational profits. PT Hutama Karya (Persero) also experienced a significant change in ROE from 21.5% in 2014 to -1.6% in 2022, reflecting operational dynamics.

Table 8. ROA (Return on Assets) of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Return on Asset | | | | | | | | |
|---------|-----------------|------|------|------|------|------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 3,1% | 2,8% | 1,6% | 1,9% | 1,7% | 1,8% | 0,1% | 0,2% | 0,4% |
| WASKITA | 3,8% | 5,2% | 2,9% | 4,3% | 3,9% | 0,8% | -8,8% | -1,7% | -1,7% |
| HK | 2,5% | 5,7% | 1,3% | 2,2% | 3,5% | 2,0% | -1,6% | -1,8% | -0,9% |

Return on Assets (ROA) is a financial ratio that measures how effectively a company generates profit from its total assets. ROA is utilized to assess the efficiency of a company's asset utilization in generating profit. Table 8. displays the ROA performance of State-Owned Enterprises (SOEs) assigned PSN projects. PT Adhi Karya (Persero) began the year 2014 with a strong ROA of 3.1%, indicating high efficiency in generating profit from its assets. However, there was a consistent decline until reaching 0.4% in 2022. The decline in ROA reflects increased assets not balanced with proportional profit growth and decreased operational efficiency.

PT Waskita Karya (Persero) experienced a more significant decline, starting with a relatively strong ROA of 3.8% in 2014 and decreasing to a negative figure of -1.7% in 2022. The recent years indicate deeper issues attributed to projects that did not generate expected revenue or significant losses reducing operational profits. PT Hutama Karya (Persero) also saw a decrease in ROA performance from 2.5% in 2014 to -0.9% in 2022. While PT Hutama Karya (Persero) started the period with promising figures, the negative trend indicates that the company may face similar challenges as PT Waskita Karya (Persero) in managing assets to generate profit. The downward trend in ROA for all three companies signifies the need for operational risk management in completing construction projects to improve ROA and ensure long-term financial sustainability.

Economic Value Added (EVA) Analysis

Economic Value Added (EVA) is a financial performance measure that calculates the value a company creates above its cost of capital. This value is calculated by subtracting the cost of capital from the net operating profit after tax (NOPAT). Economic Value Added (EVA) is used to assess how much the income generated by PT Adhi Karya (Persero), PT

Waskita Karya (Persero), and PT Hutama Karya (Persero) exceeds the cost of capital used to generate that income. A positive EVA indicates that the company has successfully created value in excess of the overall cost of the invested capital.

Table 9. EVA Analysis of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Economic Value Added (<i>dalam miliar Rupiah</i>) | | | | | | | | |
|---------|---|---------|---------|-------|-------|----------|----------|----------|----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 0,000 | 0,000 | (0,000) | 0,000 | 0,000 | 0,0001 | (0,0004) | (0,0004) | (0,0005) |
| WASKITA | 0,000 | 0,000 | 0,001 | 0,002 | 0,002 | (0,0012) | (0,0105) | (0,0030) | (0,0027) |
| HK | 0,000 | (0,000) | (0,000) | 0,000 | 0,001 | 0,0003 | (0,0045) | (0,0020) | (0,0052) |

Table 9. presents the EVA Analysis of state-owned construction companies assigned PSN projects. PT Adhi Karya (Persero) had a positive EVA at the beginning of the period, indicating that the company successfully generated profits exceeding its cost of capital. However, there was a decline in the EVA value, indicating that from 2020 to 2022, the company faced difficulties in creating economic value, with the cost of capital exceeding the profits generated from its operational activities. PT Waskita Karya (Persero) also experienced a significant decrease in EVA, especially in 2020, with negative EVA values. This condition depicts the challenges faced by Waskita Karya (Persero) in generating revenue not only sufficient to cover operational costs but also the capital costs associated with asset utilization. PT Hutama Karya (Persero), on the other hand, experienced fluctuations in EVA during the examined period, with a significantly negative value in 2022. This could indicate that Hutama Karya (Persero) faced challenges in its operational activities affecting its ability to generate sufficient net profit to overcome its capital costs. This is reinforced by the company receiving additional capital from the government to maintain its health, but on the other hand, not experiencing significant profit growth.

The negative EVA for these three state-owned construction companies indicates a situation where the generated revenue is insufficient to cover costs and provide adequate returns on investment. This underscores the need for an evaluation of operations and project management to ensure that future business activities can generate positive added value.

Z-Score Analysis

Z-Score Analysis is a financial modeling technique used to assess the financial health and likelihood of bankruptcy of a company. It calculates a numerical score based on multiple financial ratios and indicators. The Z-score is particularly useful for predicting bankruptcy within the next two years.

Table 10. Z-Score of Construction State-Owned Enterprises (SOEs) Assignment PSN Period 2014-2022

| Company | Z-Score | | | | | | | | |
|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 2,168 | 3,175 | 2,700 | 2,038 | 2,115 | 1,899 | 1,317 | 1,287 | 1,948 |
| WASKITA | 2,457 | 3,037 | 2,599 | 2,382 | 2,411 | 2,230 | 0,638 | 0,905 | 0,772 |
| HK | 1,706 | 3,904 | 2,780 | 1,670 | 1,740 | 2,346 | 2,270 | 3,575 | 4,845 |

The Z-Score is a tool used to assess the bankruptcy risk of a company. This analysis integrates various financial ratios to produce a value that can indicate how close a company is to a risky financial condition. Table 10. shows the performance of Z-Score Analysis for State-Owned Enterprises (SOEs) conducted by the PSN assignee. In the Z-Score analysis for PT

Adhi Karya (Persero), it can be seen that the company experienced an increase in score from 2.168 in 2014 to its peak at 3.175 in 2015. However, there was a decline in the following years with fluctuating values until reaching 1.948 in 2022. This Z-Score value is still above the threshold of 1.81, indicating the company is in the 'grey area' between safety and bankruptcy risk. These fluctuations suggest potential changes in ADHI's capital structure or volatility in the company's financial performance.

PT Waskita Karya (Persero) shows a decreasing Z-Score value over the years. It started at 2.457 in the initial observation year and reached its lowest point of 0.638 in 2020. Although the value then increased to 0.772 in 2022, this score is still below the bankruptcy threshold according to the Altman Z-Score model, indicating that the company faces significant financial risk. The decline in Z-Score reflects issues in liquidity, increasing debt, or operational losses affecting its financial stability.

On the other hand, PT Hutama Karya (Persero) displays a relatively high Z-Score throughout the reviewed period. In 2014, its Z-Score was 1.706 and then consistently increased to reach 4.845 in 2022. This increase indicates that HK has improved its solvency and is in a relatively stable financial condition. High Z-Score values typically indicate that the company has good debt management ability by maintaining its capital structure and also government support in improving the company's capital structure through state capital injections.

Time Interest Earned Ratio

Table 11. Time Interest Earned Ratio for State-Owned Enterprises (SOEs) in Construction assigned by PSN Period 2014-2022

| Company | Time Interest Earned | | | | | | | | |
|---------|----------------------|-------|-------|-------|-------|---------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| ADHI | 5,391 | 6,457 | 3,375 | 2,167 | 2,240 | 2,218 | 1,050 | 1,115 | 1,227 |
| WASKITA | 5,172 | 4,285 | 3,193 | 3,392 | 3,251 | (0,850) | 1,367 | 0,776 | 0,711 |
| HK | 2,047 | 2,645 | 3,059 | 7,278 | 9,169 | 3,678 | 0,252 | 1,781 | 1,466 |

Times Interest Earned (TIE) is a ratio that provides an overview of a company's ability to pay its interest expenses from its operational income. Table 11. shows the performance of the Time Interest Earned Ratio for State-Owned Enterprises (SOEs) in Construction assigned by the PSN. PT Adhi Karya (Persero) demonstrates a very good TIE in 2014 with a score of 5.391, reflecting strong financial strength and significant capability to pay debt interest. This TIE score further increased in 2015 to 6.457, indicating improved financial conditions and efficient debt management. However, starting from 2016, the company's TIE declined, indicating increased pressure on the company's ability to generate sufficient operational income to cover interest expenses. In 2022, TIE increased to 1.227 from the previous year, showing slight improvement but still far from the levels achieved in previous years.

PT Waskita Karya (Persero) experienced a sharper decline trend in its TIE. Starting from 5.172 in 2014, the company's TIE significantly decreased in 2019 to a negative figure, indicating that the company faced operational losses, where income was insufficient to cover its interest expenses. Although there was a slight recovery in 2022 with a score of 0.711, this still indicates a high financial risk. On the other hand, PT Hutama Karya (Persero) demonstrated good ability in managing interest burdens with a significant increase in TIE to 9.169 in 2018. However, similar to the other two companies, PT Hutama Karya also experienced a decline in the following years, with TIE decreasing to 1.466 in 2022, indicating an increase in interest burdens or a decrease in operational income.

The TIE analysis from 2014 to 2022 indicates that PT Adhi Karya (Persero), PT Waskita Karya (Persero), and PT Hutama Karya (Persero) collectively experienced a declining trend in their ability to cover interest expenses from their operational income. Although there were fluctuations in year-on-year observations, the general trend indicates challenges in generating sufficient operational income to cover interest expenses. This signifies the need for company improvement actions through healthy project acquisitions so that the company's operational activities can be supported by profits and debt costs can be managed more effectively.

CONCLUSION

Overall, the PSN assignment received by PT Hutama Karya (Persero), PT Waskita Karya (Persero), and PT Adhi Karya (Persero) has had a significant impact on the companies' profitability. Financial pressure resulting from interest burdens has increased in all three companies, reflecting internal financial pressures that affect company profits. Common Size and Time Interest Earned Ratio analyses indicate that improvements through significant project acquisitions are needed to enhance company performance, enabling more efficient operational activities and better management of debt costs. PT Hutama Karya (Persero) experienced an increase in interest burdens, impacting the company's profitability. PT Waskita Karya (Persero) did not show a significant increase in revenue, indicating that operational quality and projects executed are still suboptimal. Du Pont analysis and activity ratios indicate that efficiency in asset utilization can still be improved to generate better revenue. PT Adhi Karya (Persero) also experienced a decrease in net income, indicating limitations in creating profits amid increasing operational costs.

From a solvency aspect, the PSN assignment also had varied impacts on the three companies. PT Adhi Karya (Persero) and PT Hutama Karya (Persero) showed good short-term liquidity, while PT Waskita Karya (Persero) experienced a decrease in liquidity towards the end of the period. Liquidity ratio analysis shows that PT Adhi Karya and PT Hutama Karya are able to manage short-term obligations better, while PT Waskita Karya needs to improve its liquidity management. All three companies also experienced a decrease in economic value added (EVA), as evidenced by the analysis. This difficulty is reflected in the negative EVA, indicating that the companies have not been able to provide returns equivalent to the capital and debt used. PT Adhi Karya and PT Hutama Karya showed improvements in capital structure through additional capital contributions contributing to increased solvency, while PT Waskita Karya has not shown significant improvement due to increased long-term obligations and insignificant additional state capital.

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