MEASURING FINANCIAL PERFORMANCE OF CONSTRUCTION COMPANIES DURING INFRASTRUCTURE DEVELOPMENT IN INDONESIA

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ABSTRACT

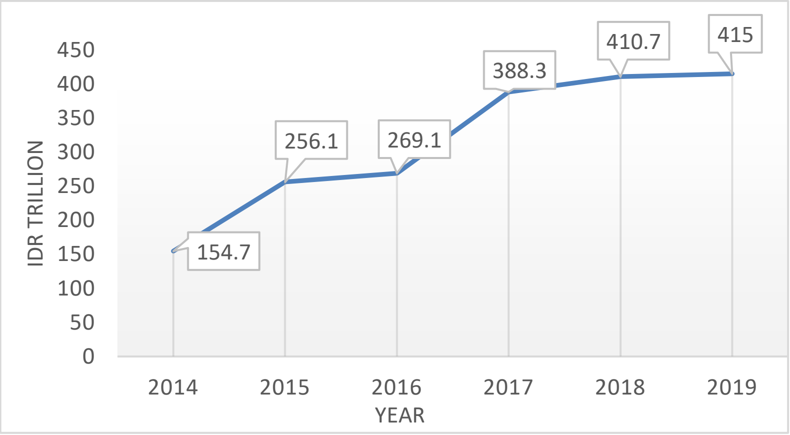
Infrastructure's budget had been multiplied by 2.68 since 2014 until 2019, from IDR 154.7 trillion to IDR 415 trillion. It shows the Indonesian Government's commitment to build the nation physically and increase accessibility and connectivity around the country to gain optimum economic growth and prosperity. Increased infrastructure development will give benefit to construction companies. Measuring the financial performance of two construction industries which belong to State-Owned Enterprises (SOEs) for periods of 2014 to 2018 is main goal of this study. Eight financial ratios measured include 1) return on equity, 2) return on investment, 3) cash ratio, 4) current ratio, 5) collection period, 6) inventory turnover, 7) total asset turnover, 8) total equity to total assets. Furthermore, validating the calculation results with the Decree of Indonesian Ministry of SOEs No. KEP-100 / MBU / 2002 to determine whether the financial condition of each SOEs health or not. This study outcome conveys that PT. Waskita Karya and PT. Wijaya Karya have achieved financial healthy condition levels with majority rating was A during 2014 to 2018.This study has increased financial literacy knowledge and provides strong insights for leaders in construction companies about financial performance. Later it can be useful as a consideration for decision making to increase market share and profitability

Keywords: financial performance, financial ratios, SOEs, construction.

INTRODUCTION

In 2014 the Indonesian National Development Planning Agency stated that the availability of infrastructure to support economic growth was still limited and needed to be improved. The limited availability of infrastructure is a significant obstacle in using investment opportunities and creates expensive logistics costs. For this reason, in the era of President Joko Widodo, the Government prioritized infrastructure development in Indonesia (Smith, Julian, et al., 2015). Figure 1. Shows the increase of state budget in infrastructure years by years. The infrastructure budget from 2014 to 2019 had been multiplied by 2.68, from IDR 154.7 trillion to IDR 415 trillion. It shows the Indonesian Government's commitment to building the nation physically. The funds have been allocated across a range of infrastructure, including oil and gas, power, water supply and waste treatment, road and urban transport, rail, ports and airports.

Figure 1. Funds Allocated to Infrastructure Spending for the Government's State Budget (IDR Trillion)



Source: Kementerian Keuangan, 2017; 2019.

The elevation of infrastructure budget give opportunity to domestic's Construction Companies to increase their revenue. The Government also tries to attract foreign investors to get involved in the consortium of the infrastructure project. Government has set aggressive targets, announced new funding commitments and displayed an openness to the intelligent leverage of private sector finance. Regulatory and policy reforms have gradually been put in place to create a more conducive environment for private sector participation. The construction sector as the third contributor to Indonesian's Economic Growth for the last four years as published by Badan Pusat Statistik (BPS) is 0.51 in 2016, 0.67 in 2017, 0.61 in 2018, and 0.58 In 2019.

Although the competition among the construction company had been tight to win the market share, two of SOEs achieve higher revenue, especially in 2017. PT. Waskita Karya achieved the highest revenue growth ever and also PT. Wijaya Karya got a similar result. Financial performance analysis should be undertaken to analyze the company's financial achievement by using its financial statement data. Financial health is measured by implementing financial ratio analysis would be the one way. They were stated on the decree of Ministry of SOEs No. KEP-100/MBU/2002 as the law order, that business world in the global economy needs tools and systems to evaluate the performance to develop company efficiency and competitiveness. Osman et al., (2016) stated that monetary measure of how the company uses its assets and generates revenues is financial performances. Bertonèche, M., & Knight, R. (2001) states that financial ratios are the primary tools for analyzing financial statements, which provides the basis for valuing a business and appraising its financial health (p, 74). Mysková, R., & Hájek, P. (2017) state that to appraise and predict the firm's future financial achievement, connect data from the annual financial report is necessary. This can be primarily a verbal examination of the causes that driven to the achievement of positive or negative budgetary comes about. Annual reports also present the company's organizational priorities. pointers of budgetary execution, particularly monetary proportion investigation, have gotten to be imperative monetary decision-support data utilized by firm administration and other partners to evaluate monetary soundness and development potential (pp, 96-97).

The reason of this study is to measure the financial performance of two State-Owned Enterprises (SOEs) construction industries for periods of 2014 to 2018. Furthermore, the calculation results will be validated to see each SOEs' financial health condition according to the parameters listed in the Decree of Indonesian Ministry of SOEs No. KEP-100 / MBU / 2002, which regulates the requirements for measuring and ranking SOEs' financial health condition.

The descriptive financial ratio was utilized to degree, depict, analyze, and assess Eight financial ratios measured include 1) return on equity, 2) return on investment, 3) cash ratio, 4) current ratio, 5) collection period, 6) inventory turnover, 7) total asset turnover, 8) total equity to total assets, then conduct validation based on Ministry of SOEs Decree for each of it and calculate the weight score to determine the grade financial health finally.

This study has increased financial literacy knowledge and provides strong insights for leaders in construction companies about financial performance. Later it can be useful as consideration for decision making to increase market share and profitability.

LITERATURE REVIEW

A. INFRASTRUCTURE DEVELOPMENT IN INDONESIA

2015 to 2019 was an era that changed the budgeting strategy for Indonesia's infrastructure sector. The sharp decline in global oil prices, and a relatively weak rebound through 2016, prompted President Joko Widodo to remove most of the fuel subsidies in January 2015. This policy was taken to save more than 10% of the budget from being allocated to address the country's significant sufficient infrastructure deficit. The public investment budget from 2015 to 2019 also jumped up compared to 2014, and the Government used this budget to strengthen the medium-term infrastructure program. Transportation, utilities, and manufacturing infrastructure are the most extensive sectors in Indonesia based on annual investment in 2014. Over the next five years, transport infrastructure was account for around 37% of total infrastructure spend, utilities 26% and manufacturing 21%. The remaining 16% will come from extraction, telecom and the social sector infrastructure. By comparing 2015-2019 cumulative spending with the previous five years, social infrastructure spending was the sector that increased the most and extracted the least. (Smith, Julian, et al., 2015). In line with this statement, Public Work Ministry has proven their commitment and claimed had built a national road for 3.432 km in Papua, Kalimantan, And East Nusa Tenggara. They also had created a new highway for 941 km and eight dams in last 2018.

B. PT. Waskita Karya

Waskita claimed has achieved prominent performance in the construction of a long-reinforced concrete bridge using a balanced cantilever system and has successfully completed three cantilever bridges, namely the Rajamandala Bridge, the Rantau Berangin Bridge, and the Barelang IV Bridge. Another major achievement using similar technology is the construction of the Pasteur - Cikapayang - Surapati flyover in Bandung, West Java. The same success story was also achieved in the construction of various major dams, namely Pondok, Grokgak, Tilong, Gapit, and Sumi, which were completed ahead of schedule with satisfactory quality. In the effort of Waskita's commitment to improving quality in all its activities and business, since November 1995 Waskita obtained the ISO 9002: 1994 certificate in November 1995. Getting this certificate could be a persuading international recognition of the ISO Quality Management System implemented by the company and could be a beginning point. Towards the period of global competition. In November 2009 Waskita effectively reestablished its Quality Administration Framework and was able to obtain ISO 9001:2008 certificate. This demonstrates that Waskita gets it and continuously tries to meet the particular needs of its clients (Waskita Karya,n.d.).

C. PT. Wijaya Karya (WIKA)

WIKA was shaped by the nationalization preparation of a Dutch company named Naamloze Vennotschap Technische Handel Maatschappij en Bouwbedijf Vis en Co.or NV Vis en Co. Compatible To Government Direction No. 2 / 1960 and Serve of OpenWorks and Electric Control (PUTL) Proclaim No. 5 dated 11 Walk 1960, to be named Perusahaan Negara Bangunan Widjaja Karja.WIKA's line of trade at the time was electrical and water pipe establishment works. Within the early 1960s, WIKA took a portion within the development venture of Gelanggang Olah Raga Bung Karno in arrange of Diversions of the Modern Rising Strengths (GANEFO) and the 4th Asian Diversions provision in Jakarta.

WIKA's faculty ability in the development industry has pushed the company to investigate different commerce zones by building up a number of its backups to be free as trade wanders specializing in making their respective products. In 1997, WIKA established its, to begin with, an auxiliary company, named PT Wijaya Karya Beton, a reflection of how quickly the Concrete Division was developing in WIKA at the time. PT Wijaya Karya Beton's action at the time, among others, is the rail tracks arrangement for the Manggarai double-track path development in Jakarta, Grati Gas, and Steam Control Station (PLTGU) development additionally Barelang cable-stayed bridge in Batam.The foundation of PT. Wijaya Karya Realty within the year 2000 as the extension of the Realty Division was following PT. Wijaya Karya Beton steps. Hence within the same year, PT. Wijaya Karya Intrade was moreover built up as the development of the Mechanical and Commercial Division (Hardian, F,n.d.).

D. FINANCIAL PERFORMANCE ON PREVIOUS RESEARCH

Financial performance analysis is vital for the triumph of an enterprise. Financial performance analysis is an appraisal of the feasibility, solidity and fertility of a business, sub-business or mission (Bhunia et al., 2011). A financial ratio is one of the exceptional ratios that look into the company's business performance. In monetary ratios' study, selecting the foremost suitable proportions that closely speak to the company's execution is basic (Yunus, N. M., & Malik, S. A., 2012). Ahmad et al., (2010) stated that was critical in guaranteeing the company's objectives are well-suit with its capital. Empirical ponders have appeared that budgetary proportions played an imperative part in assessing a firm's monetary execution. Financial ratios are utilized to predict bankruptcy because of their association or reflection of firms' common well-being. Daryanto, (2018) claimed that the companies are energized to preserve their productivity by increasing activity ratio . Agreeing to Lakshmi, T. M et al., (2016), financial ratios are key constituents of liquidation models. The insolvency forecast precision significantly moves forward when a constrained number of proportions are utilized. From the writing, it has been found that human ability has been connected to choose monetary proportions for insolvency models. The bankruptcy prediction accuracy substantially improves when a limited number of ratios are used. From the literature, it has been found that human expertise has been applied to select financial ratios for bankruptcy models. Different experts tend to have different opinions, and hence the bankruptcy prediction results depend upon their competency levels in that domain (p, 38).

According to Yakubu et al. (2018) Profitability, solvency liquidity, and activity ratios can be calculated from the primary sources of balance sheet and income statement data. The income statement provides a static view of the industry's financial position, while the balance sheet shows how the various resources developed in industrial operations have been carried out in the accounting period. Finally, financial ratios and efficiency ratios are also used in financial analysis to assess a company's financial position and also as an indicator of the strength or weakness of a company.

Afriza, Eka SD, and Daryanto, Wiwiek M. (2019) analyze and degree the money related execution of the development industry, which are PT. Adhi Karya And PT. Wijaya Karya (pp,59-72). Based on the estimation comes about, particularly for the SOE's scoring PT. Adhi Karya has a lower overall score for the 2011-2014 period than PT. Wijaya Karya. However, in 2015, PT Wijaya Karya had a score below PT. Adhi Karya and decreased grade in 2015 from AA in the last four years to A. According to this paper, companies should consider gaining more deal volume and income to maximize their assets. Besides, its stock turnover is such an issue if the administration might not oversee it, and causing more taken a toll for the company to oversee and keep its inventory. The final thing of PT Wijaya Karya and PT Adhi Karya ought to consider their money related execution since their 2015 accounts showed less performance than in the past long time. Daryanto (2018) conduct The financial performance measurement to the Indonesian cement industries, which are PT.Semen Baturaja and PT. Semen Indonesia for 2011-2015. The excellent result level has achieved both companies supported by the increment in deals due to an infrastructure program done by the Government.

E. THE DECREE OF MINISTRY OF STATE-OWNED ENTERPRISES (SOEs)

Agreeing to the Decree No. KEP-100/MBU/2002 around monetary wellbeing appraisal of State-Owned Enterprises, the development of trade should be bolstered by the satisfactory framework and assessment framework to measure developing company effectiveness and competitiveness. This money related assessment applies to all state-owned ventures within the budgetary and non-financial industry. In the non-financial industry, the companies are separated into framework and non-infrastructure. There are a few scopes of money related evaluations, which are monetary, operational, and administration. In a financial evaluation, the foundation's total weight score is 50, and non-infrastructure is 70. There are eight markers to degree the monetary wellbeing such return on investment, return on equity, cash ratio, current ratio, collections period, inventory turnover, total asset turnover, and total equity to the total asset.

METHODOLOGY

Descriptive financial ratios were used in this study to measure, describe, and analyze the financial performance of two state-owned enterprises, namely PT. Waskita Karya and PT. Wijaya Karya. Data is retrieved and analyzed from the Annual Report (audited) between 2014 and 2018. The ratio measurement scale is taken from the Decree of the Minister for State-Owned Enterprises No. KEP-100 / MBU / 2002 is used as an indicator to see the companies' financial health condition. This regulation regulates the procedures for the Financial Health Assessment of State-Owned Enterprises, which simultaneously validates the company's performance to ascertain whether the company is in a healthy or unhealthy condition.

The level of financial assessment is classified into three categories, namely healthy (highest category), less healthy (middle category), and unhealthy (the lowest category), depending on the results of Total Weighted Score (TWS). In the highest category, there are three types of rating, namely AAA (if TWS > 95 points), AA (if 80<TWS≤ 95), and A (if 65<TWS≤ 80). Middle category, there are three types of rating, namely BBB (if 50<TWS≤65), BB (if 40<TWS≤50), and B (if 30<TSW≤ 40). In the lowest category, there are three types of rating such as CCC (if 20<TWS≤30), CC (if 10<TWS≤20), and C (if TWS ≤10)

The choice of the Financial Ratio Analysis (FRA) method is because financial ratios can be used to measure the strengths and weaknesses of a company and describe detailed information about the company's liquidity, solvency, profitability, and activity. (Hempel & Simonsonku.,git1998). Although accounting data in financial reports can be manipulated and requires a review, financial reports are the only detailed information about a company's overall activities (Sinkey, 2002). Moreover, they are the only source of information for evaluating management's potential to generate expected future returns (Kumbirai & Webb., 2010).

Table 1. List of The Assessment Score

MEASUREMENT	INDICATORS	WEIGHT SCORE
Profitability Performance	ROE	20
	ROI	15
Liquidity Performance	Cash Ratio	5
	Current Ratio	5
Activity Performance	Collection Period	5
	Inventory Turnover	5
	Total Asset Turnover	5
Solvency Performance	Total Equity to Total Asset	10
TOTAL WEIGHT		70

Source: The Decree of the Minister of SOEs No. KEP-100/MBU/2002

Table 1 show the types of measurements associated with the indicators according to the Decree of the Minister of SOE's No.KEP-100/MBU/2002. In this ministerial decree, each indicator has the formula to calculate the indicator value. It is matched with the table to determine the score. The total score of all indicators is then divided by 70 (as a weighted score) to calculate the percentage of financial performance. It is matched with a table to determine the level and category of financial performance achievement.

A. Profitability Performance.

Profitability is a measure often used to ensure a company's financial performance. Profitability is calculated using the following formula:

A.1 Return on Equity (ROE)

Return on Equity = (Net Income / Shareholders' Equity) x 100 %

ROE is the main ratio for investors by considering the amount of profit the company gets. ROE measures how efficiently a company manages and uses capital from shareholders to generate profits (Anthony et al., 2011)

A.2 Return on Investment (ROI)

Return on Investment = (EBIT + Depreciation / Capital Employed) x 100%

EBIT is profit before interest and tax less profit from sales. Capital Employed is the position of Total Assets at the end of the financial year minus Fixed Assets. In the implementation, ROI shows the company's ability to generate income from the amount invested (Anthony et al., 2011).

Table 2. List of ROE and ROI Score

ROE (%)	Score	ROI (%)	Score
15 < ROE	20	18 < ROI	15
13 < ROE<= 15	18	15 < ROI < = 18	13,5
11< ROE <= 13	16	13 < ROI < = 15	12
9 < ROE <= 11	14	12 < ROI < = 13	10,5
7,9< ROE <= 9	12	10,5 < ROI < = 12	9
6,6 < ROE <=7,9	10	9 < ROI < = 10,5	7,5
5,3< ROE <=6,6	8,5	7 < ROI < = 9	6
4 < ROE <= 5,3	7	5 < ROI < = 7	5
2,5 < ROE<= 4	5,5	3 < ROI < = 5	4
1 < ROE <= 2,5	4	1 < ROI < = 3	3
0 < ROE <= 1	2	0 < ROI < = 1	2
ROE < 0	0	ROI < 0	1

Source: The Decree of the Minister of SOEs No. KEP-100/MBU/2002

B. Liquidity Performance

Liquidity ratio is used to measure the company's ability to pay off its short-term liabilities (Gitman & Zutter, 2015).

B.1. Cash Ratio

Cash Ratio = (Cash + cash equivalents / Current Liabilities) x 100 %

Cash ratio measures the liquidity of a company in paying its current liabilities using only cash or cash equivalents. If the cash ratio is equal to one, it means that the company has the same amount of cash as its debt.

B.2 Current Ratio

Current Ratio = (Current Asset / Current Liabilities) x 100 %

The current ratio is an essential indication of the company's ability to meet its current liabilities, where if current assets do not exceed current liabilities by an appropriate margin, the company may not be able to pay its current bills. This is because most current assets are expected to be converted into cash within one year or less to pay off most of the current liabilities (Anthony et al., 2011).

Table 3. List of Cash Ratio and Current Ratio Score

Cash Ratio (%)	Score	Current Ratio (%)	Score
x > = 35	5	125 <= x	5
25 < = x < 35	4	110 < = x < 125	4
15 < = x < 25	3	100 <= x < 110	3
10 < = x < 15	2	95 <= x < 100	2
5 < = x < 10	1	90 < = x < 95	1
0 < = x < 5	0	x < 90	0

Source: The Decree of the Minister of SOEs No. KEP-100/MBU/2002

C. Activity Performance

C.1. Collection Period

Collection Period = (Average Accounts Receivables / Sales Revenue) x 365 days

The collection period can be related roughly to the credit terms offered by the company. This ratio is an indicator for monitoring cash flow related to debt payments by customers at maturity. A high collection period indicates that the company is having difficulty collecting debts from customers..

C.2 Inventory Turnover

Inventory Turnover = Cost of goods sold / Average Inventory

Inventory turnover indicates the velocity with which merchandise moves through a business. If the inventory turnover period is too large, sales are weaker, where market demand for the company's products is decreasing.

Table 4. List of Collection Period and Inventory Turnover Assessment Score

Collection Period (CP in days)	Adjustment (days)	Score	Inventory Turnover (IT in days)	Adjustment (days)	Score
CP ≤ 60	CP > 35	5	IT ≤ 60	IT > 35	5
60 < CP ≤ 90	30 < CP ≤ 35	4.5	60< IT ≤ 90	30< IT ≤ 35	4.5
90 < CP ≤ 120	25 < CP ≤ 30	4	90< IT ≤ 120	25< IT ≤ 30	4
120 < CP ≤ 150	20 < CP ≤ 25	3.5	120< IT ≤ 150	20< IT ≤ 25	3.5
150 < CP ≤ 180	15 < CP ≤ 20	3	150< IT ≤ 180	15< IT ≤ 20	3
180 < CP ≤ 210	10 < CP ≤ 15	2.4	180< IT ≤ 210	10< IT ≤ 15	2.4
210 < x ≤ 240	6 < CP ≤ 10	1.8	210< IT ≤ 240	6 < IT ≤ 10	1.8
240 < x ≤ 270	3 < x ≤ 6	1.2	240< IT ≤ 270	3< IT ≤ 6	1.2
270 < x ≤ 300	1 < x ≤ 3	0.6	270< IT ≤ 300	1< IT ≤ 3	0.6
300< x	0 < x ≤ 1	0	300 < x	0 < x <=1	0

Source: The decree of Ministry of SOEs No. KEP-100/MBU/2002

C.3. Total Asset Turn Over (TATO)

Total Asset Turn Over (TATO) = (Revenue / Capital Employed) x 100 %

Total Asset Turn Over ratio measures the company's ability to efficiently use its assets to generate revenue.

Table 5. List of Total Asset Turn Over Score

TATO (%)	Adjustment (%)	Score
TATO > 120	TATO > 20	5
105< TATO ≤ 120	15 < TATO ≤ 20	4.5
90 < TATO ≤ 105	10 < TATO ≤ 15	4
75 < TATO ≤ 90	5 < TATO ≤ 10	3.5
60 < TATO ≤ 75	0 < TATO ≤ 5	3
40 < TATO ≤ 60	TATO ≤ 0	2.5
20 < TATO ≤ 40		2
TATO ≤ 20		1.5

Source: The decree of Ministry of SOEs No. KEP-100/MBU/2002

E. Solvency Performance.

Total Equity to Total Asset (TETA) = (Total Equity / Total Asset) x 100 %

The Equity-To-Asset Ratio explicitly measures the amount of a company's equity compared to its total assets. The higher the TETA ratio, the less a company's business is used or owned by the bank through debt. Conversely, if the company has a low TETA value, it means that the company funds its assets inefficiently. This can also cause the company's net worth to investors to be meager (Anthony et al., 2011).

Table 6. List of Solvency Score

Total Equity to Total Asset (%)	Score
TETA < 0	0
0 ≤ TETA < 10	4
10 ≤ TETA < 20	6
20 ≤ TETA < 30	7,25
30 ≤ TETA < 40	10
40 ≤ TETA < 50	9
50 ≤ TETA < 60	8,5
60 ≤ TETA < 70	8
70 ≤ TETA < 80	7,5
80 ≤ TETA < 90	7
90 ≤ TETA < 100	6,5

Source: The decree of Ministry of SOEs No. KEP-100/MBU/2002

RESULTS AND DISCUSSION

A. Profitability Performance Analysis

Figure 2. Profitability Trend of PT. Waskita Karya

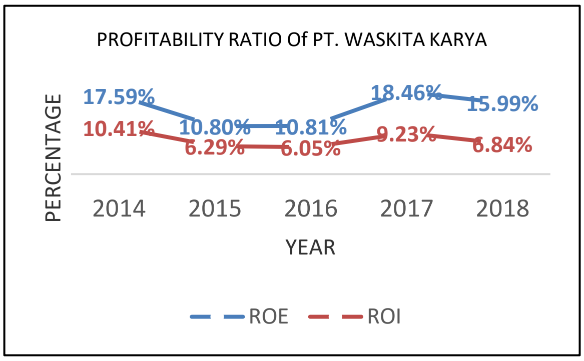


Figure 3. Profitability Trend of PT. Wijaya Karya

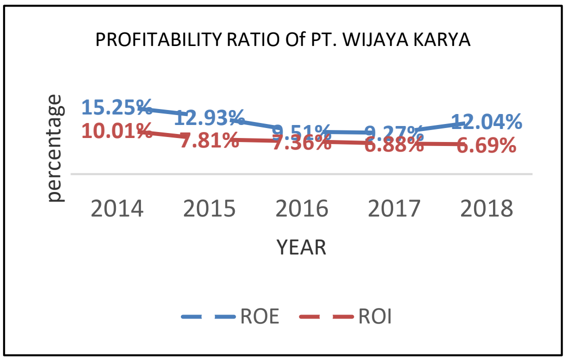


Figure 2 shows the information about PT. Waskita Karya's profit-generating ability from 2014 to 2018, which generally fluctuates for five years. Profitability decreased in the first two years, then increased in 2017 but slightly decrease in 2018. Compared with 2014, profitability in 2018 trend to be lower.In contrast to the profitability of PT. Wijaya Karya hows the on Figure 3, where for three consecutive years, there was a downward trend in both ROE and ROI ratios. Even though it had increased slightly in 2018, in general, the profitability profile of PT, Wijaya Karya from 2014 to 2018 has decreased.

The standard in the decree that the minimum ROE ratio is 15%. In this case, PT. Waskita Karya had substandard ROE in 2015 and 2016, during PT. Wijaya Karya had ROE below standard for four consecutive years. The standard for the ROI ratio in the decree is at least 18%,so it can be concluded that for five consecutive years, the ROI ratio of both companies is below standard. This situation can be a concern so that both companies can maximize profits from their investment and equity.

B. Liquidity Performance Analysis

Figure 4. Liquidity Trend of PT. Waskita Karya .

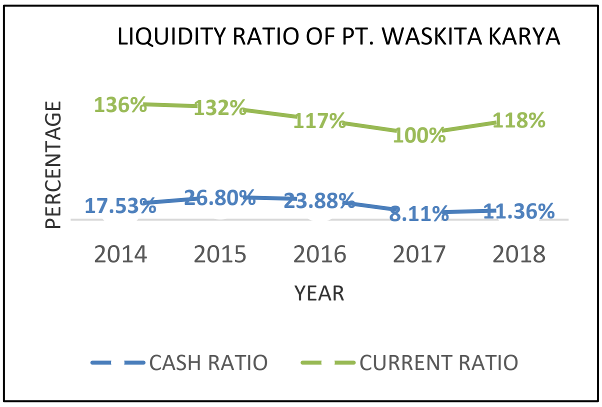


Figure 5. Liquidity Trend of PT. Waskita Karya.

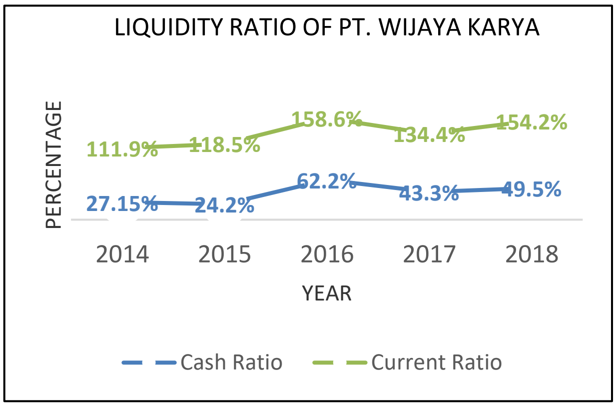


Figure 4 shows the cash ratio and current ratio as the liquidity trend at PT. Waskita Karya from 2014 to 2018. There was a significant cash ratio increase in 2015 (from 17.53% to 26.80%). Then decreased in the following two years with the lowest level in 2017 to 8.11%. The current ratio also experienced a downward trend. Where for three consecutive years there was a decline of up to 17% and the lowest level in 2017. Even though it had increased slightly in 2018 to 118%, the decline that occurred in both the current ratio and cash ratio in 2017 showed that the condition of the company was poor. Especially with the current ratio which had touched 100%, which means that current assets are the same as current liabilities. Figure 5 represents the upward liquidity trend of PT. Wijaya Karya from 2014 to 2018. The highest point was occurring in 2016 with a cash ratio of 62.2% and a current ratio of 158.6%. It is shown that the company's financial health is in good condition, with total current assets more significant than total current liabilities. For that, there is no doubt that the company will be able to pay off its short-term obligations.

C. Activity Performance Analysis

Figure 6. Activity Trend of PT. Waskita Karya

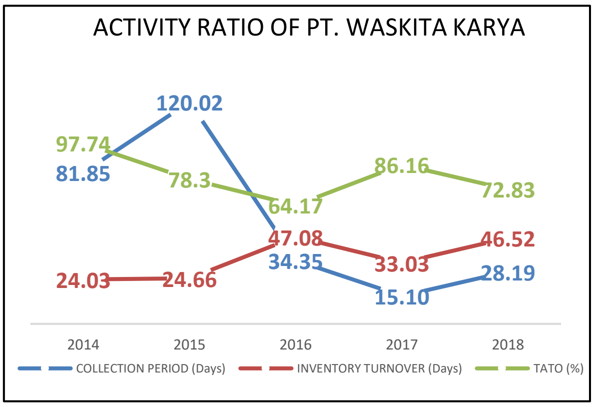


Figure 7. Activity Trend of PT. Wijaya Karya

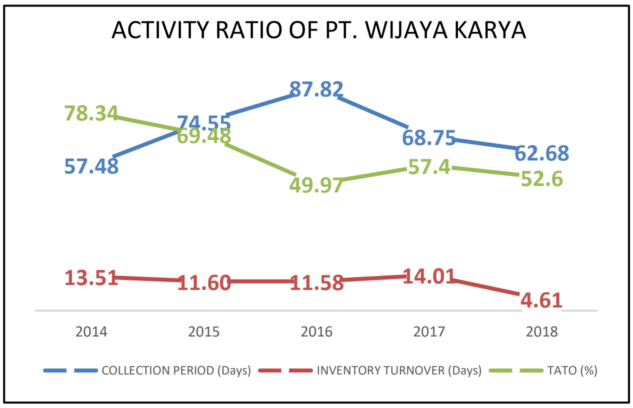
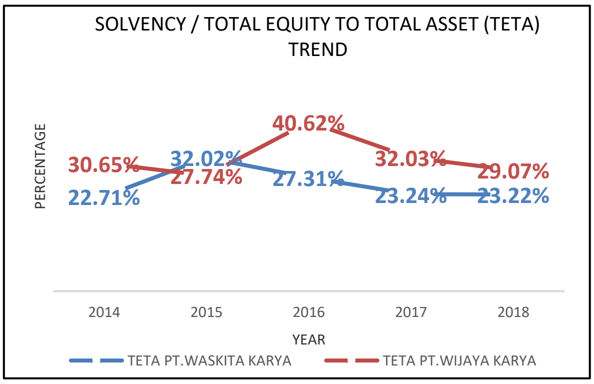


Figure 6 shows the total assets turnover (TATO) of PT. Waskita Karya, which decreased from 97.74% in 2014 to 72.83% in 2018. Moreover, Figure 7 show TATO PT. Wijaya Karya That also decreased from 81.00% in 2014 to 57.11% in 2018. Both of the company laid at its lowest level in 2016. The standard in the decree that the minimum TATO ratio is 120%. This indicates that PT. Waskita Karya and PT. Wijaya Karya encountered less efficiency of its assets in generating revenue during the years, particularly in 2016. The deep slope occurred in 2016 is due to vast capital was infused to the company, yet the sales generated did not contribute to an increase by the proportionate amount with the incremental capital, for the Collection Period and inventory turnover of PT. Waskita Karya, although there has been a fluctuationin the last five years, the graph shows a downward trend, even in the last three years it has been able to maintain the ratio below 60 days, and meet the Decree standards set. This indicated the efficient management of their sales and receivable collection with maximum days of 47 and 34 correspondingly, as for PT. In Wijaya Karya, there is a fluctuation in the receivable collection ratio that has tended to increaseover the last five years, and this is necessary so that the receivable collection ratio is maintained below 60 days following the standards in the decree.

D. Solvency Performance Analysis

Figure 8 shows the Total Equity-to-Asset Ratio (TETA) percentage of assets owned by investors, called as equity. PT Waskita Karya and PT. Wijaya Karya has a TETA ratio that tends to be stable for the last five years. PT. Waskita Karya had recorded the highest level with a TETA of 32.02% in 2015 and PT. Wijaya Karya with a TETA of 40.62% in 2016. Overall PT. Wijaya Karya has a higher ratio with an average TETA of 32.02% compared to PT. Waskita Karya with an average TETA of 25.70%. This shows that the proportion assets of PT. Wijaya Karya, which is funded by investors, is higher than PT. Waskita Karya. Thus, PT Wijaya Karya can sustain operations and has fewer liabilities than PT. Waskita Karya during these years. This situation implies that PT. Wijaya Karya is a more stable company financially. Given the lower solvency percentage, it indicates that they have a higher obligation that must be paid by the company.

Figure 8. Solvency Trend of PT. Waskita Karya & PT. Wijaya Karya.



VALIDATION TESTING

Tabel 7. Test Results for PT. Waskita Karya

INDICATORS	2014		2015		2016		2017		2018	
	Ratio	Score	Ratio	Score	Ratio	Score	Ratio	Score	Ratio	Score
A.1 ROE Ratio (%)	17.59	20.00	10.80	14.00	10.81	14.00	18.46	20.00	15.99	20.00
A.2 ROI Ratio (%)	10.41	7.50	6.29	5.00	6.05	5.00	9.23	7.50	6.84	5.00
B.1 Cash Ratio (%)	17.53	3.00	26.80	4.00	23.88	4.00	8.11	1.00	11.36	2.00
B.2 Current Ratio (%)	136	5.00	132	5.00	117	4.00	100	3.00	118	4.00
C.1 Collection Period (days)	81.85	4.50	120.02	3.50	34.35	5.00	15.10	5.00	28.19	5.00
C.2Inventory Turnover	24.03	5.00	24.66	5.00	47.08	5.00	33.03	5.00	46.52	5.00
C.3 Total Asset Turn Over (TATO)	98%	4.00	78%	3.50	64%	3.00	86%	3.50	73%	3.00
D.Total Equity to Total Asset (TETA)	22.71%	7.25	32.02%	10.00	27.31%	7.25	23.24%	7.25	23.22%	7.25
TOTAL SCORE		56.25		50.00		47.25		52.25		51.25

Tabel 8. Summary of Test Results for PT. Waskita Karya

Year	Total Score	Weight	Total Weight	Value	Level	Category
2014	56.25	70.0	80.36%	80<TS<=95	AA	Healthy
2015	50.00	70.0	71.43%	65<TS<=80	A	Healthy
2016	47.25	70.0	67.50%	65<TS<=80	A	Healthy
2017	52.25	70.0	74.64%	65<TS<=80	A	Healthy
2018	51.25	70.0	73.21%	65<TS<=80	A	Healthy

Table 7 and Table 8 show the scoring measurements at PT. Waskita Karya from 2014 to 2018. There was a fluctuation in the total score from 2014 to 2018 (56.25, 50.00, 47.25, 52.25, 51.25). Furthermore, the total score is converted to total weight using the formula, namely the total score/ weight multiplied by 100, and the results are shown in Table 8,which shows thelevel of performance from 2014 to 2018, namely AA; A; A; A; A. In general, PT. Waskita Karya's financial performance condition is healthy.

Tabel 9. Test Results for PT. Wijaya Karya

INDICATORS	2014		2015		2016		2017		2018	
	Ratio	Score	Ratio	Score	Ratio	Score	Ratio	Score	Ratio	Score
A.1 ROE Ratio (%)	15.25	20	12.93	16	9.51	14	9.27	14	12.04	16
A.2 ROI Ratio (%)	10.01	7.5	7.81	6	7.36	6	6.88	5	6.69	5
B.1 Cash Ratio (%)	27.15	4	24.16	4	62.18	5	43.32	5	49.46	5
B.2 Current Ratio (%)	112	4	119	4	159	5	134	5	154	5
C.1 Collection Period (days)	57.48	5	74.55	4.5	87.82	4.5	68.75	4.5	62.68	4.5
C.2 Inventory Turnover	13.51	5.0	11.60	5.0	11.58	5.0	14.01	5.0	4.61	5
C.3 Total Asset Turn Over (TATO)	78.34%	3.5	69.48%	3.0	49.97%	2.5	57.30%	3.5	52.61%	2.5
D.Total Equity to Total Asset (TETA)	30.65%	10.0	27.74%	7.25	40.62%	9.0	32.03%	10.0	29.07%	7.25
TOTAL SCORE		59.0		49.8		51.0		52.0		50.3

Tabel 10. Summary of Test Results for PT. Wijaya Karya

Year	Total Score	Weight	Total Weight	Value	Level	Category
2014	59.00	70.0	84.29%	80<TS<=95	AA	Healthy
2015	49.75	70.0	71.07%	65<TS<=80	A	Healthy
2016	51.00	70.0	72.86%	65<TS<=80	A	Healthy
2017	52.00	70.0	74.29%	65<TS<=80	A	Healthy
2018	50.25	70.0	71.79%	65<TS<=80	A	Healthy

Table 9 and Table 10 are the scoring measurements at PT Wijaya Karya from 2014 to 2018. Similar to PT. Waskita Karya, PT. Wijaya Karya also had the highest score in 2014, then shows a fluctuating score from 2014 until 2018 (59.00, 49.75, 51.00, 52.00, 50.25). After converting it to the total weight, the results are shown in Table 10, which shows the level of performance from 2014 to 2018 respectively, namely AA; A; A; A; A. In general, PT Wijaya Karya's financial performance also shows that it is healthy.

LIMITATION

This study has enriched the literature on a company's financial performance in the real world of work. Given the focus on only two firms, it is advisable to research multiple firms from the construction industry to obtain more general results or to explore on a broader scale and find out if different types of firms produce the same results. Besides, the study only analyzes the financial aspects of the company, so it is recommended to measure other elements, such as operations and administration.

C O N C L U S I O N AND RECOMMENDATION

This study appears the budgetary execution of construction companies between 2014 and 2018, utilizing the estimation strategy, concurring to law order concerning the evaluation of the money related wellbeing of SOEs. The parameters utilized to comprise four proportion estimation classifications include the proportion of liquidity, dissolvability, productivity, and activity. The comes about appeared that PT. Waskita Karya and PT. Wijaya Karya has experienced steady monetary execution for a few periods. This condition is also in line with the increment in framework programs carried out by the Government, particularly within President Joko Widodo. The comes about appeared that amid the five a long time, 2014 to 2019, the company had come to a sound level, with the same level between PT. Waskita Karya and PT. Wijaya Karya for five sequential a long time, to be specific AA, A, A, A, A. Be that as it may, a few things must be considered in arrange to progress its monetary health condition by considering the Decree of the Ministry of SOEs.

Productivity execution has the foremost impressive parcel of the calculation. In any case, the benefit proportion of PT Waskita Karya and PT Wijaya Karya has not been maximized. Indeed in 2018, there was a diminish compared to 2014. For this reason, they must increment their income by optimizing the utilization of their resources. This think has added to the information within the budgetary writing. It moreover provides managers within the development industry with vital bits of knowledge into budgetary execution. In this manner, supervisors can make way better choices to extend their showcase share. Finally, this ponder is anticipated to gotten to be a reference for the Government to make policies that have a genuine effect, particularly in progressing the execution of state-owned enterprises. For the construction industry, this ponder is anticipated to reference for overcoming challenges and expand proficiency.

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