FINANCIAL RATIO ANALYSIS OF STATE-OWNED ENTERPRISES (SOE) IN THE CITY OF PALEMBANG

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ABTRACT

This study aims to determine the solvency and profitability of State-Owned Enterprises (SOE) in the city of palembang. This study uses a quantitative descriptive approach. The population of this research is State-Owned Enterprises (SOE) and the sampling method was PT. Pupuk Sriwidjadja (Persero) and PT. Semen Baturaja (Persero) was period 2014-2018. The solvency ability of PT Pupuk Sriwidjadja (Persero), seen from the Debt to Asset Ratio and Debt to Equity Ratio, was in a bad condition from 2014-2018. Meanwhile, the ability of profitability to return on assets and return on equity has decreased period 2014-2018. The solvency ability of PT Semen Baturaja (Persero) seen from the Debt to Asset Ratio period 2014-2017 is in good condition. Meanwhile, in 2018 it was quite good and the Debt to Equity Ratio was in good condition in 2014-2018. Meanwhile, the ability of profitability to return on assets and return on equity has decreased period 2014-2018. The limitations of this study are of the many existing financial ratios, researchers only use the solvency and profitability ratios that represent each variable, the research period was only conducted for 4 years from 2014 to 2018, the sample used in this study is a state-owned company in the city of Palembang. The contribution of this research is related to the analysis of debt and income used by the Palembang city state-owned enterprises.
Keywords: *Solvency, Profitability, State-Owned Enterprises (SOE)*

ABSTRAK

Penelitian ini bertujuan untuk melihat kemampuan solvabilitas dan profitabilitas perusahaan Badan Usaha Milik Negara (BUMN) se-kota palembang. Penelitian ini menggunakan pendekatan deskriptif kuantitatif. Jenis dan sumber data sekunder. Populasi penelitian ini Badan Usaha Milik Negara (BUMN). Metode purposive sampling PT. Pupuk Sriwidjadja (Persero) dan PT. Semen Baturaja (Persero). Tahun laporan keuangan yang diambil dimulai dari 2014-2018. Kemampuan solvabilitas PT Pupuk Sriwidjadja (Persero) dilihat dari Debt to Asset Ratio dan Debt to Equity Ratio berada dalam keadaan tidak baik dari tahun 2014-2018. Sedangkan kemampuan profitabilitas Return on assets dan Return on equity mengalami penurunan dari tahun 2014-2018. Kemampuan solvabilitas PT Semen Baturaja (Persero) dilihat dari Debt to Asset Ratio pada tahun 2014-2017 dalam keadaan baik. Sedangkan pada 2018 cukup baik serta Debt to Equity Ratio berada dalam keadaan baik pada 2014-2018. Sedangkan kemampuan profitabilitas Return on assets dan Return on equity mengalami penurunan dari tahun 2014-2018.

Kata kunci: Solvabilitas, Profitabilitas, Badan Usaha Milik Negara (BUMN)

INTRODUCTION

Indonesian economics condition is getting more advanced day by day and has business competition. It can affect the company in the future and survive the conditions of harsh competition. A company must see the right steps to be able to maintain the survival of the company. As a basic example in seeing the ability of the company's condition is by looking at the company's financial statements. Seeing the ability of the company's financial condition is very useful so that the company knows the financial position and reports are effective, efficient or not all (Mangarey & Tangkuman, 2021:358)

The financial performance of a company is reflected in the financial statements that have been prepared through various accounting processes. The financial statements provide information on financial data and activities of a company (Munawir, 2014:2). Financial statements not only describe the financial position of a company but are also used by company management as a basis for decision making. Analysis of the financial data is to obtain conclusions about the condition of the organization's performance in the previous period which aims to predict the future (Osadchy et al., 2018: 340). A good company condition is the strength of the company to be able to survive and develop in an effort to achieve company goals.

Financial reports are important to provide information that can be used for decision making. Many parties have an interest in financial reports such as investors, potential investors, funders , potential funders even to the management of the company itself. Financial reports are expected to provide information about profitability, risk, and timing of the cash flows which are generated by the company. This information will affect the expectations of interested parties and in turn will affect the value of the company (Hanafi, 2016: 27).

Measurement of financial conditions is generally used in companies which have issued corporate financial statements in the form of statements of financial position,

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

income statements, cash flow reports, and changes in capital. This study will specifically analyze the financial condition of State-Owned Enterprises (SOE) by looking at long-term debt and profits. State-Owned Enterprises are a source of income for Indonesia. The government must conduct an analysis of each State-Owned Enterprises to ascertain whether their financial condition is good or bad. One of the them that shows a bad financial condition is jiwasraya.

Financial ratios will be used to analyze the financial condition of State Owned Enterprises arround Palembang City. This is because there is one State-Owned Enterprises (PT Semen Baturaja) Tbk arround Palembang City, whose profits fell by 68% in the first half of 2019 (okezone.com). The net profit of PT Semen Baturaja (Persero) Tbk in 2019 decreased from Rp 24.1 billion to Rp 7.5 billion in 2018. The director of PT Semen Baturaja (Persero) Tbk explained that the decrease was due to an increase in outside business expenses in the form of expenses finance and corporate income tax.

Financial management performance in a period can be shown by financial ratios. Various types of ratios provide their own interpretation in showing the company's financial condition. The calculation of these financial ratios is done by comparing and dividing one number with another in the financial statements (Kasmir, 2015: 4). The ratios that will be used to assess the ability of State-Owned Enterprises arround Palembang are solvency ratios such as: Debt to Asset Ratio and Debt to Equity Ratio. For profitability ratios such as: Return on Assets and Return on equity.

According to (Kasmir, 2015: 123), the solvency ratio is a ratio that measures the extent to which a company is able to pay all its debts. The ratios that are often used are: Debt to Total Assets (Debt to Asset Ratio) and Debt to Equity Ratio (Debt to Equity Ratio). Meanwhile, according to Hanafi (2016: 42) profitability ratios are used to measure the company's ability to generate profits (profitability) at the level of sales, assets and certain share capital. The ratios that are often used are Return On Assets (ROA) and Return On Equity (ROE).

LITERATURE REVIEW

Agency Theory

Agency theory described by Jensen and Meckling (1976) is an agreement or contractual agreement involving one or more agents to perform some services for them with the agency's decision-making authority (Arda, 2020: 68). Both agents and agents are assumed to be economically rational people and are solely motivated by personal interests, delegating decision-making about the company to managers or agents. The existence of obstacles caused by asymmetric information and the level of uncertainty in economic activities can be minimized by how the parties in the contractual relationship have the aim of reducing existing costs. Therefore, the main explanation from agency theory is that managers do not always make decisions in accordance with what is desired by shareholders (Muslim & Setiawan, 2021: 3).

Both parties will receive benefits and minimize costs when the company's financial performance shows good results. The harmonious relationship between owners and management is influenced by the owner's assessment of management's performance. The owner expects a large return on investment on the funds that have been entrusted to company management. Conversely, the management of the company must make the company's financial performance good in order to receive compensation or awards from the owner.

Signaling Theory

Groups of investors get information about how prospects are owned by each company through actions taken by a company or known as signals. This action aims to

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

reduce information asymmetry between company management and interested parties (LumbanGaol, Firmansyah, & Irawati, 2021:77).

Investors and managers have information about the company's prospects but with different levels of information. This is related to information asymmetry, the existence of identical information differences about the company's prospects (Puspitaningtyas, 2019: 68). The better information a manager has than an outside investor is often referred to as asymmetric information. Asymmetric information is a situation where managers have different (better) information about the company's prospects compared to that of investors. So there are two situations, namely, a situation where company managers know that the prospect will be very profitable and another situation where company managers know that the future looks unfavorable. (Brigham and Houston, 2015: 186).

The essence of signal theory is that investors can know the difference between companies that have high values and companies that have low values. Companies that have better quality will give a signal to the market. This method can be implemented effectively if the signal can be captured by the market and reached well and the most important signal is not easily imitated by other companies especially those with poorer quality. (Kurniati, 2019: 1293).

According to (Kasmir, 2015:123), the types of financial ratios commonly used in financial statement analysis include:
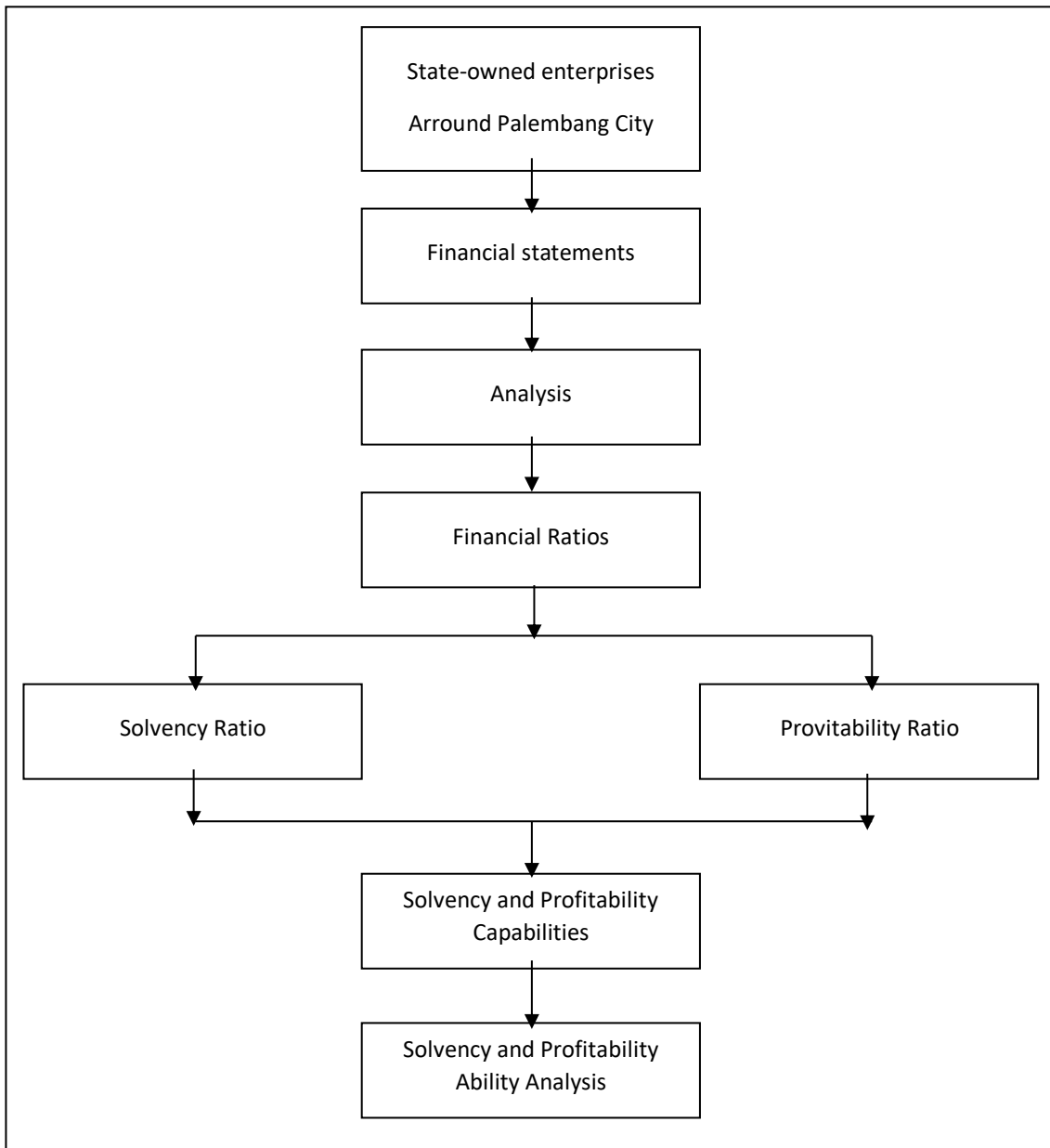
1. Solvency Ratio (Leverage Ratio)
    The solvency ratio is a ratio that measures the extent to which the company's ability to pay off all of its debts, the ratios included in the solvency ratio, namely:
    a. Debt to Asset Ratio (Debt to Asset Ratio) Is a comparison between current debt and long-term debt and the total assets are known.
    b. Debt to Equity Ratio (Debt to Equity Ratio)
        Is a comparison between debt and equity.
    c. Long Term Debt to Equity Ratio
        This ratio is used to measure the share of own capital that is used as collateral for long-term debt
    d. Ratio of the Ability to Pay Interest (Times Interest Earned)
        This ratio can be used to determine how much the company's ability to pay interest expenses

2. Profitability ratio is the ratio to assess the company's ability to seek profits. The types of ratios are:
    a. Net Profit Margin
        Is the ratio used to measure the net profit margin after tax.
    b. Return on Investment
        The ratio that shows the yield over the amount used in the company.
    c. Return On Assets
        The ratio that shows the company's ability to use all its assets to generate profit after tax.
    d. Return On Equity
        The ratio used to measure the net profit after tax to the company's equity.

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

RESEARCH FRAMEWORK

Picture 1 Research Framework

METHOD

The type of research carried out in this research is to use quantitative research which is carried out by using calculations of quantitative data in the form of financial reports. According to (Sugiyono, 2018: 2), quantitative research is research that requires the use of numbers, starting from data collection, interpretation of the data and the appearance of the data results.

The approach in this research is a descriptive approach. According to (Nawawi, 2017: 67), descriptive can be interpreted as a procedure for solving a problem that is investigated by describing or describing the condition of the subject or object of research

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

(a person, institution, society, etc.) at the present time based on visible facts or as they are.

The types and sources of data are used to support the discussion conducted in this study are secondary data. According to (Rianse and Abdi, 2018: 212) secondary data is data taken from a second source or not from the original source. Secondary data obtained and collected by researchers is about the financial statements of BUMN in the city of Palembang.

According to Sugiyono (2013) population is a generalization area consisting of: objects/subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions. The population in this study were all BUMN.

The sample is part of the number and characteristics of the population (Sugiyono, 2013). The sample in this study was selected using purposive sampling method. According to (Sugiyono, 2013) purposive sampling is a sampling technique with certain considerations. The sample selection in this study used the following criteria:

1) The company is BUMN.
2) The company's head office is located around Palembang City, South Sumatra.
3) The company publishes financial reports regularly.

Based on the purposive sampling method, the companies that will be sampled in this study are PT. Pupuk Sriwidjadja (Persero) and PT. Semen Baturaja (Persero). The financial report year taken starts from 2014 to 2018. Ratios taken from solvency are Debt to Asset Ratio and Debt to Equity Ratio. Meanwhile, profitability is Return on Assets and Return on equity.

RESULTS

A. PT Pupuk Sriwidjaja (Persero)

1. Solvency Ratio

The solvency ratio is a ratio that measures the extent to which the company's ability to pay off all of its debts, the ratios included in the solvency ratio, namely:

a. Debt to total assets ratio Is the ratio between (current debt and long-term debt) and the total known assets.

$$Debt\ to\ Asset\ Ratio\ (DAR) = \frac{Total\ Amoun\ of\ debt}{Total\ assets}$$

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

Debt to Asset Ratio **PT Pupuk Sriwidjaja (Persero) tahun 2014-2018**

Years	(1) Total Amoun of debt (in million Rupiah)	(2) Total Assets (in million Rupiah)	*Debt to Asset Ratio (DAR)* (3) = (1)/(2)
2014	8.646.771	14.274.398	60,58%
2015	12.434.364	18.495.639	67,23%
2016	15.361.450	29.348.656	52,34%
2017	15.067.098	29.136.560	51,71%
2018	14.455.919	28.820.128	50,16%

Source: processed data

b. Debt to Equity Ratio Is a comparison between debt and equity.

$$\textit{Debt to Equity Ratio (DER)} = \frac{\text{Total Amoun of debt}}{\text{Total equity}}$$

Debt to Equity Ratio (DER) **PT Pupuk Sriwidjaja (Persero) tahun 2014-2018**

Years	(1) Total Debt (in million Rupiah)	(2) Share Capital (in million Rupiah)	*Debt to Equity Ratio (DER)* (3) = (1)/(2)
2014	8.646.771	5.627.627	153,65%
2015	12.434.364	6.061.266	205,14%
2016	15.361.450	13.987.206	109,83%
2017	15.067.098	14.069.462	107,09%
2018	14.455.919	14.364.209	100,64%

Source: processed data

2. Profitability Ratio

Profitability ratio is the ratio to assess the company's ability to seek profit. The types of ratios are:

a. *Return On Assets*

The ratio that shows the company's ability to use all its assets to generate profit after tax.

$$\textit{Return on assets (ROA)} = \frac{\text{Net profit}}{\text{Total assets}}$$

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

Return On Asset (ROA) **PT Pupuk Sriwidjaja (Persero) tahun 2014-2018**

Years	(1) **Net Profit (in million Rupiah)**	(2) **Total Assets (in million Rupiah)**	*Return On Asset (ROA)* (3) = (1)/(2)
2014	701.038	14.274.398	4,91%
2015	500.681	18.495.639	2,71%
2016	592.585	29.348.656	2,02%
2017	520.380	29.136.560	1,79%
2018	551.712	28.820.128	1,91%

Source: processed data

b. *Return On Equity*
The ratio used to measure the net profit after tax to the company's equity.

$$Return\ on\ equity\ (ROE) = \frac{Net\ profit}{Total\ ordinary\ equity}$$

Return On Equity (ROE) **PT Pupuk Sriwidjaja (Persero) tahun 2014 - 2018**

Years	(1) **Net Profit (in million Rupiah)**	(2) **Share Capital (in million Rupiah)**	*Return On Equity (ROE)* (3) = (1)/(2)
2014	701.038	5.627.627	12,46%
2015	500.681	6.061.266	8,26%
2016	592.585	13.987.206	4,24%
2017	520.380	14.069.462	3,70%
2018	551.712	14.364.209	3,84%

Source: processed data

B. PT Semen Baturaja (Persero)
1. Solvency Ratio
The solvency ratio is a ratio that measures the extent to which the company's capacity to pay all its debts, the ratios that are integrated within the solvency ratio, particularly:
a. Debt to Assets Ratio is the ratio between (contemporary debt and long time period debt) and the total known assets.

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

$$Debt\ to\ Asset\ Ratio\ (DAR) \quad = \quad \frac{Total\ Amoun\ of\ debt}{Total\ assets}$$

Debt to Asset Ratio PT Semen Baturaja (Persero) tahun 2014-2018

Years	(1) Total Amoun of debt (in million Rupiah)	(2) Total Assets (in million Rupiah)	Debt to Asset Ratio (DAR) (3) = (1)/(2)
2014	209.114	2.928.480	7,14%
2015	319.315	3.268.668	9,77%
2016	1.248.119	4.368.877	28,57%
2017	1.647.477	5.060.337	32,56%
2018	2.064.408	5.538.080	37,28%

Source: processed data

b. Debt to Equity Ratio Is a comparison between debt and equity.

$$Debt\ to\ Equity\ Ratio\ (DER) \quad = \quad \frac{Total\ Amoun\ of\ debt}{Total\ equity}$$

Debt to Equity Ratio (DER) PT Semen Baturaja (Persero) tahun 2014-2018

Years	(1) Total Debt (in million Rupiah)	(2) Share Capital (in million Rupiah)	Debt to Equity Ratio (DER) (3) = (1)/(2)
2014	209.114	2.683.092	7,79%
2015	319.315	2.949.353	10,83%
2016	1.248.119	3.120.758	39,99%
2017	1.647.477	3.412.860	48,27%
2018	2.064.408	3.473.671	59,43%

Source: processed data

2. **Profitability Ratio**
   Profitability ratio is the ratio to assess the company's ability to seek profit. The types of ratios are:
   a. *Return On Assets*
      The ratio that shows the company's ability to use all its assets to generate profit after tax.

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

$$Return\ on\ assets\ (ROA) \quad = \quad \frac{Net\ profit}{Total\ assets}$$

Return On Asset PT Semen Baturaja Tbk (Persero) tahun 2014 - 2018

Years	(1) Net Profit (in million Rupiah)	(2) Total Assets (in million Rupiah)	Return On Aset (ROA) (3) = (1)/(2)
2014	335.955	2.928.480	11,47%
2015	354.180	3.268.668	10,84%
2016	259.091	4.368.877	5,93%
2017	146.648	5.060.337	2,90%
2018	76.075	5.538.080	1,37%

Source: processed data

b. *Return On Equity*
   The ratio used to measure the net profit after tax to the company's equity.

$$Return\ on\ equity\ (ROE) \quad = \quad \frac{Net\ profit}{Total\ ordinary\ equity}$$

Return On Equity PT Semen Baturaja Tbk (Persero) tahun 2014 - 2018

Years	(1) Net Profit (in million Rupiah)	(2) Share Capital (in million Rupiah)	Return On Equity (ROE) (3) = (1)/(2)
2014	335.955	2.683.092	12,52%
2015	354.180	2.949.353	12,01%
2016	259.091	3.120.758	8,30%
2017	146.648	3.412.860	4,30%
2018	76.075	3.473.671	2,19%

Source: processed data

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

DISCUSSION

A. PT Pupuk Sriwidjaja (Persero)
1. Solvency Ratio
a. Debt to Asset Ratio

In 2014 it was 60.58%, 2015 67.23%, 2016 52.34%, 2017 51.71% and 2018 50.16%. The industry standard for debt ratio is 35% (Kasmir, 2015: 157). According to Kasmir (2015: 157) debt to asset ratio is a debt ratio used to measure the ratio among total debt and general belongings. In other phrases, how an awful lot the company's belongings are financed via the organization's debt has an effect on asset control.

Signal Theory is an motion taken with the aid of the management of a company to offer guidance to investors on how management assesses the agency's potentialities. The possibility of data asymmetry among business enterprise control and interested parties encourages control to provide a signal to interested parties to lessen the facts asymmetry (Brigham and Houston, 2015: 186).

In 2014-2018 it can be said that DAR was not in a good condition. This is because DAR from 2014-2018 is high, exceeds industry standards, meaning that funding with more debt means that it is increasingly difficult for companies to obtain additional loans because it is feared that the company will not be able to cover its debts with the assets it owns So that companies find it more difficult to get loans and companies have more difficulty meeting long-term debts.

b. Debt to Equity Ratio

The DER value in 2014 was 153.65%, in 2015 it was 205.14%, in 2016 it was 109.83%, in 2017 it was 107.09% and in 2018 it was 100.64%. The industry standard for debt to equity ratio is 80% (Kasmir, 2015: 159). When compared with industry standards, it can be said that the years 2014-2018 are not good.

Signal Theory is an motion taken with the aid of the management of a company to offer guidance to investors on how management assesses the agency's potentialities. The possibility of data asymmetry among business enterprise control and interested parties encourages control to provide a signal to interested parties to lessen the facts asymmetry (Brigham and Houston, 2015: 186).

If it increases and is above the industry average, the risk is higher because of the high level of debt, which is financed from its own capital. The greater the DER number of a company, the more difficult the management must work to maintain the company's cash flow. Higher risks are expected to provide higher returns.

2. Profitability Ratio
a. Return on assets

The ROA of PT Pupuk Sriwidjaja (Persero) has decreased from 2014-2018. The company's ROA ratio in 2014 was 4.91%. This ratio continued to decline in 2015 and 2016 to 2.71% and 2.02%. In 2017 and 2018 ROA also continued to decline from the previous years to 1.79% in 2017 and 1.91% in 2018.

Agency theory according to Jensen and Meckling (1976) is a agreement underneath one or extra regarding agents to perform numerous offerings for them by using delegating choice-making authority to retailers. both agents and sellers are assumed to be economically rational humans and are solely influenced by way of private hobbies, delegating choice-making about the business enterprise to managers or dealers. but, managers do no longer always act according to shareholder desires. the primary goal of agency theory is to provide an explanation for how the events in a contractual dating can

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri

Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

layout a agreement with the aim of minimizing charges due to uneven information and uncertainty.

Both parties will receive benefits and minimize costs when the company's financial performance shows good results. The harmonious relationship between owners and management is influenced by the owner's assessment of management's performance. The owner expects a large return on investment on the funds that have been entrusted to company management. Conversely, the management of the company must make the company's financial performance good in order to receive compensation or awards from the owner.

b. Return on equity

Based on the table above, the ROE of PT Pupuk Sriwidjaja (Persero) has decreased from 2014-2018. The ROE rate of the company in 2014 was 12.46%. This ratio continued to decline in 2015 and 2016 to 8.26% and 4.24%. In 2017 and 2018 ROE also continued to decline from the previous years to 3.70% in 2017 and 3.84% in 2018.

Agency theory according to Jensen and Meckling (1976) is a agreement underneath one or extra regarding agents to perform numerous offerings for them by using delegating choice-making authority to retailers. both agents and sellers are assumed to be economically rational humans and are solely influenced by way of private hobbies, delegating choice-making about the business enterprise to managers or dealers. but, managers do no longer always act according to shareholder desires. the primary goal of agency theory is to provide an explanation for how the events in a contractual dating can layout a agreement with the aim of minimizing charges due to uneven information and uncertainty.

Both parties will receive benefits and minimize costs when the company's financial performance shows good results. The harmonious relationship between owners and management is influenced by the owner's assessment of management's performance. The owner expects a large return on investment on the funds that have been entrusted to company management. Conversely, the management of the company must make the company's financial performance good in order to receive compensation or awards from the owner.

B. PT Semen Baturaja (Persero)
1. Solvency Ratio
a. Debt to Asset Ratio

In 2014 it was 7.14%, 2015 was 9.77%, 2016 was 28.57%, 2017 was 32.56% and 2018 was 37.28%. The industry standard for debt ratio is 35% (Kasmir, 2015: 157). According to Kasmir (2015: 157) debt to asset ratio is a debt ratio used to measure the ratio between total debt and total assets. In other words, how much the company's assets are financed by the company's debt has an effect on asset management.

Signal Theory is an motion taken with the aid of the management of a company to offer guidance to investors on how management assesses the agency's potentialities. The possibility of data asymmetry among business enterprise control and interested parties encourages control to provide a signal to interested parties to lessen the facts asymmetry (Brigham and Houston, 2015: 186).

In 2014-2017 it can be said that DAR is in good condition because it is below the industry standard of 35%. Meanwhile, in 2018 it is in quite good condition. In 2018 only

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

slightly exceeded the industry standard. So that it is easier for companies to get loans and companies can meet long-term debts.

b. Debt to Equity Ratio

Signal Theory is an motion taken with the aid of the management of a company to offer guidance to investors on how management assesses the agency's potentialities. The possibility of data asymmetry among business enterprise control and interested parties encourages control to provide a signal to interested parties to lessen the facts asymmetry (Brigham and Houston, 2015: 186).

The DER value in 2014 was 7.79%, in 2015 it was 10.83%, in 2016 it was 39.99%, in 2017 it was 48.27% and in 2018 it was 59.43%. The industry standard for debt to equity ratio is 80% (Kasmir, 2015: 159). When compared with similar industry standards, it can be said that in 2014-2018 it is said to be good. This DER in 2014-2018 is said to be good because the company can meet long-term debts.

2. Profitability Ratio

a. Return on assets

The ROA of PT Semen Baturaja (Persero) has decreased from 2014-2018. The ROA level of the company in 2014 was 11.47%. This ratio continued to declines in 2015 and 2016 to 10.84% and 5.93%. In 2017 and 2018 ROA also continued to decline from the previous years to 2.90% in 2017 and 1.37% in 2018.

Agency theory according to Jensen and Meckling (1976) is a agreement underneath one or extra regarding agents to perform numerous offerings for them by using delegating choice-making authority to retailers. both agents and sellers are assumed to be economically rational humans and are solely influenced by way of private hobbies, delegating choice-making about the business enterprise to managers or dealers. but, managers do no longer always act according to shareholder desires. the primary goal of agency theory is to provide an explanation for how the events in a contractual dating can layout a agreement with the aim of minimizing charges due to uneven information and uncertainty.

Both parties will receive benefits and minimize costs when the company's financial performance shows good results. The harmonious relationship between owners and management is influenced by the owner's assessment of management's performance. The owner expects a large return on investment on the funds that have been entrusted to company management. Conversely, the management of the company must make the company's financial performance good in order to receive compensation or awards from the owner.

b. Return on equity

The ROE of PT Semen Baturaja Tbk (Persero) has decreased from 2014-2018. The company's ROE rate in 2014 was 12.52%. This ratio continued to decline in 2015 and 2016 to 12.01% and 8.30%. In 2017 and 2018 ROE also continued to decline from previous years to 4.30% in 2017 and 2.19% in 2018.

Agency theory according to Jensen and Meckling (1976) is a agreement underneath one or extra regarding agents to perform numerous offerings for them by using delegating choice-making authority to retailers. both agents and sellers are assumed to be economically rational humans and are solely influenced by way of private hobbies, delegating choice-making about the business enterprise to managers or dealers. but, managers do no longer always act according to shareholder desires. the primary goal of agency theory is to provide an explanation for how the events in a contractual dating can

Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang

layout a agreement with the aim of minimizing charges due to uneven information and uncertainty.

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CONCLUSION

Recently, state-owned enterprises have been in the public spotlight regarding the performance of the financial statements made and the contents of the financial statements of each existing ratio. There are financial ratios for companies in state-owned enterprises that can fulfill all obligations, whether short-term debt or long-term debt or not. Furthermore, there are companies that are able to generate profits but there are companies that experience losses. Here as an example of the phenomenon of state-owned enterprises in the city of Palembang such as Pusri and Cement Baturaja. The solvency ability of PT Pupuk Sriwidjadja (Persero) as seen from the Debt to Asset Ratio and Debt to Equity Ratio was in a bad condition from 2014-2018. Meanwhile, the profitability of Return on assets and Return on equity decreased from 2014-2018. The solvency ability of PT Semen Baturaja (Persero) as seen from the Debt to Asset Ratio in 2014-2017 is in good condition. Whereas in 2018 it was quite good and the Debt to Equity Ratio was in good condition in 2014-2018. Meanwhile, the profitability of Return on assets and Return on equity decreased from 2014-2018.

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Muhammad Ichsan Siregar, Afriyadi Cahyadi, Alghifari Mahdi Igamo, Abdullah Saggaf, Rifani Akbar Sulbahahri
Financial Ratio Analysis Of State-Owned Enterprises (Soe) In The City Of Palembang