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Performance of Indonesian State Owned Enterprises, Managerial Performance vs. Financial Performance

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ABSTRACT

Purpose: This study aims to provide more detailed knowledge of how the performance of Indonesian SOEs is described from the perspective of managerial performance and financial performance.

Design/methodology/approach: The method used in this study is comparative analysis where managerial performance is measured using the KPU score and financial performance is measured using profitability ratios. Comparative analysis is carried out in detail per year and per SOE sector.

Findings: This study found that in general from a managerial performance standpoint, the performance of Indonesian SOEs showed an increase while from a financial performance perspective, the performance of Indonesian SOEs showed a decline. This is because the determination of managerial performance is assessed in a more complex manner, including the level of public services provided to the public.

Research limitations/implications: The limitations of this study have not been able to describe in detail each score of the components in managerial performance appraisal, which can be considered for further research in the future. This research implies that all parties must be careful in assessing the performance of SOE because the measurement of performance using managerial and financial measures can be different.

Originality/value: The originality of this research is to provide a comparative picture of SOE as a whole which has never been done before. This research contributes to the government as a regulator to try to further improve financial performance so that it can be more in sync with the increase in managerial performance, so that both managerial performance appraisal and financial performance appraisal can provide directions that are close to parallel.

Keywords: Performance, Managerial, Financial, SOE

I. Introduction

State-Owned Enterprises (SOE) were established

with the aims and objectives of which include contributing to the national economy in general and state revenue in particular as well as pursuing profits. This is stated in *Undang-Undang Nomor 19 Tahun 2003 Tentang Badan Usaha Milik Negara*, n.d. This goal requires SOEs to perform well. One of the benchmarks for SOE performance is performance measurement based on Malcolm Baldrige's criteria,

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which is called the Superior Performance Assessment Criteria (KPKU). The use of KPKU is based on demands for SOEs to be competitive and ready to face the free market of the ASEAN Economic Community (AEC). Based on KPKU principles, SOEs are encouraged to set company performance targets as a means of triggering and increasing internal competitiveness. As a measuring tool and organizational guideline, KPKU is expected to be able to encourage SOEs to create organizational excellence, diagnose the overall performance management system, identify organizational strengths and weaknesses, and evaluate efforts to improve performance. Furthermore, it is hoped that the efficiency goals of the Ministry of SOE can be achieved by increasing the value of each SOE which has an impact on improving the quality of public services and the national economy. Based on the description above, it is understandable that the performance evaluation of SOE is very important to see whether the results of its activities so far have been in accordance with the aims and objectives of establishing SOE.

Meanwhile, according to SOE Minister Erick Thohir on December 14 2019, out of 142 SOEs only a small number are considered to have a profit and contribute to state revenue (Sandi, 2019). Of the total SOE profits of IDR 189 trillion, only 15 SOE contributed up to 73%. Several SOEs that are still strong with good growth are in the banking sector such as BNI, Bank Mandiri, BTN and BRI, telecommunications, and cement. Meanwhile, in the long term, it is not certain that these sectors can be relied on, for example in the banking world, which is currently being eroded by the existence of e-payments and others.

Several cases in SOE included Krakatau Steel with cases of corruption in the procurement of goods and equipment needs amounting to Rp. 24 billion and Rp. 2.4 billion (CNN Indonesia, n.d.), financial problems where the company lost money for more than 5 years, high debt of around Rp. 35-40 trillion, as well as mass layoffs carried out by Krakatau Steel under the pretext of restructuring and efficiency. The case at PT Garuda Indonesia, where the 2018 financial statements prepared by PT Garuda Indonesia were

deemed not in accordance with PSAK (Hartomo, 2019), smuggling of Harley Davidson motorcycles and Brompton bicycles (BBC News Indonesia, 2019), as well as bribery for procurement of aircraft and aircraft engines (Permatasari, 2020). Jiwasraya with a reinsurance scheme that provides artificial profits, providing sponsorship for Manchester City in 2014, investing in informed fried stocks in 2018, as well as the Jiwa Sraya Proteksi Plan product with high interest since 2012 (CNN Indonesia, 2020). Several other cases include system errors and changing customer balances at Bank Mandiri, an oil spill in Karawang Waters, and mass blackouts covering half of Java Island which resulted in many losses for various parties (Wicaksono, 2019). Until the end of 2020, there were 43 SOEs that recorded loss balances, namely 37 state-owned enterprises and 6 state-owned enterprises (Kusnandar, 2021).

Government assignments do provide privileges to SOE in several forms including providing capital injections in the form of State Equity Participation (PMN), and easier access to obtain loans from SOE banks with low interest rates without clear due diligence. The next problem that arises is that SOEs that carry out assignments and finance infrastructure development with limited operational funds must seek loans. The World Bank noted in September 2017 (CNN Indonesia, 2019) that the debt level of 7 infrastructure SOEs assigned by the government reached IDR 200 trillion, up three times from the previous three years, namely before getting the assignment. In fact, SOE profits had fallen from 22% of GDP in 2013 to 15% in 2016. Meanwhile, in the same period, SOE assets rose 185.48% from IDR 2,266 trillion to IDR 6,469 trillion. The decline in SOE profits can also be seen from the contribution of dividends to the government. In 2016, SOE dividend contributions to the government were recorded at IDR 200 trillion, compared to IDR 213 trillion in the previous year. There are 10 SOEs with the largest debt recorded by the Ministry of SOEs (Situmorang, 2018). The ten SOEs are BRI, Mandiri, BNI, PLN, Pertamina, BTN, Taspen, Waskita Karya, Telecommunications and Pupuk Indonesia. The increase in debt is shown in the 2016 SOE balance

sheet which amounted to IDR 2,263 trillion, and 2017 which amounted to IDR 4,830 trillion, and increased to IDR 5,271 trillion in 2018.

SOE debt continues to swell to Rp. 5.271 trillion, but revenue does not increase, this can occur due to mismanagement and interference from power (Sukmawijaya, 2018). To prevent SOEs from collapsing due to debt burdens that have exceeded their ability to pay, there needs to be a total correction in the management of SOEs. Said Didu, former Secretary of the State Minister for SOEs 2004-2012, said this in a Public Discussion with the theme Save SOEs as the Fortress of the National Economy on November 12 2018. SOEs are state-owned and not bodies belonging to the authorities, where Said Didu pointed to examples of government assignments to SOE, which makes SOE lose money. PT Pertamina (Persero) has to bear the burden of selling premium fuel at below economic prices. Pertamina also has to bear the value of the difference from the economic price. PT PLN (Persero) is also burdened by the government's decision not to allow PLN to increase the basic electricity rate until 2019. Meanwhile, on the other hand, fuel and coal prices have risen. The company's finances ended up bearing a heavy burden.

Indonesian SOEs, which have been paying dividends to the state for a while, have not lived up to expectations. This can be interpreted that there are still many SOEs that are in unfavorable conditions. Losses that occur in SOEs will be borne/burdened by both the government, the SOEs themselves, and minority shareholders. As one example, there is a minority shareholder in PT Garuda Indonesia who has suffered a loss of Rp. 11.2 trillion as a result of the continued decline in the value of the airline's shares over the past 9 years (Uly, 2021).

The problem raised in this study is that there are still many parties who assess the performance of SOE only from the financial performance side. Among them is assessing the performance of SOEs using the value of profitability or the dividend rate paid to the government. Meanwhile, as state companies, SOE also have the duty to provide services to the public.

The purpose of this study is to provide more detailed knowledge of how the performance of Indonesian SOEs is described from the perspective of managerial performance and financial performance. This research is important so that the results of this study can provide more detailed knowledge of how the performance of SOEs is compared using the KPKU and by using the level of profitability. The novelty of this research is to provide more detailed knowledge about managerial performance compared to the financial performance of SOEs, which so far has not been extensively studied.

II. Literature Reviews

A. Managerial Performance Assessment uses the KPKU score

SOE Performance Reporting based on the KPKU approach is based on the Letter of the Ministry of SOE No. S-153/SMBU/2012 dated 19 July 2012. The letter stated that in the context of implementing the 2012 DIPA, the Ministry of SOEs will conduct an assessment of the achievements of SOEs in order to map the performance level of SOEs and to accelerate the implementation of the SOE KPKU which was adopted and adapted from Malcolm Baldrige *Criteria for Performance Excellence* (MBCfPE). For this purpose, SOEs are asked to prepare a performance report based on KKPKU SOE. The use of KPKU as a form of SOE performance reporting is an effort to continue to enhance the strategic role of SOE, as stated in Law No. 19 of 2003. The law outlines the aims and objectives of establishing SOE, namely:

1. Contribute to the development of the national economy in general and state revenues,
2. Gaining profit,
3. Providing public benefits in the form of providing goods and/or services of high quality and sufficient to meet the needs of the people;
4. Become a pioneer of business activities that cannot be carried out by the private sector and

- cooperatives,
5. Participate actively in providing guidance and assistance to entrepreneurs from economically weak groups, cooperatives, and the community.

KPKU is a method adopted and adapted from MBCfPE as an integrative model of organizational effectiveness that includes a number of cross-functional disciplines (Ford & Evans, 2000). MBCfPE is designed to help organizations improve their competitiveness through improving overall organizational performance and capabilities. MBCfPE serves as a basis for self-assessment for an organization. MBCfPE has attracted industry interest at a sizeable scale, so many companies use this criterion as a management guide and there is ample evidence of the benefits of doing so. Many state and local agencies in the United States (Bobrowski & Bantbam, 1994) and other countries have adopted frameworks based on Malcolm Baldrige's.

The history of the Malcolm Baldrige Criteria began in the mid-1980s, when US leaders realized that American companies needed to focus on quality in order to compete in an ever-evolving and demanding global marketplace (IQAF, n.d.). Department of Commerce Secretary Malcolm Baldrige who was an advocate of quality management was asked to create a tool as a key to US prosperity and sustainability. And when the "management tool" was created, congress named the tool after him in recognition of his contributions. The tool is named Malcom Baldrige Criteria for Performance Excellence (MBCfPE). The management tool was eventually designated as the Malcolm Baldrige National Quality Improvement Act of 1987 with the aim of increasing the competitiveness of US businesses. Its scope has expanded to health and education service organizations in 1999 and to

nonprofit/government organizations in 2007. The United States Congress created the Awards Program to: identify and recognize role model businesses, establish criteria for evaluating improvement efforts, and disseminate and share best practices.

MBCfPE in Indonesian SOEs is evaluated and improved every year, mainly based on the discretion of the relevant parties. SOE KPKU assessment and evaluation, coordinated by FEB. The level of excellence is assessed through an assessment by the KPKU Assessor Team which consists of 5-7 trained assessors, namely employees and former SOE employees who have been specially prepared to become KPKU Assessors. The implementation of SOE performance evaluation using the KPKU is based on the Letter of the Secretary of the Ministry of SOE Number: S-08/S.MBU/2013 dated 16 January 2013 concerning Submission of Guidelines for Determining KPI and Criteria for Assessment of Superior Performance in State-Owned Enterprises. The KPKU-SOE is used as a tool to measure the performance of SOE, which is expected to be able to find out where the performance of SOE is compared to world-class companies. KPKU is able to identify strengths and opportunities for improvement from various areas within the organization. KPKU is built on 11 core values and the following concepts: visionary leadership, customer-driven excellence, organizational and personal learning, respect for employees and partners, agility, focus on the future, management of innovation, management based on facts, social responsibility, focus on results and value creation, as well as a systems perspective (*Indonesian Quality Award Foundation* 2013). The eleven core values of Malcolm Baldrige are integrated into seven categories and 17 items which are Malcolm Baldrige's criteria, which are shown in the following Table 1.

Table 1. KPKU Assessment Criteria

Category /Sub	Material	Value Weight	Number of Questions
Organization Profile:			
	A general description of the company		26
	Company situation		9

Table 1. Continued

Category /Sub	Material	Value Weight	Number of Questions
1 Leadership:		120	
1.1 senior leadership			17
1.2 Governance & social responsibility			25
2 Strategic Planning:		85	
2.1 Strategy development			26
2.2 Strategy implementation			15
3 Focus on customers:		85	
3.1 Customer voice			13
3.2 Engagement / customer engagement			19
4 Financial measurement, analysis & management:		90	
4.1 Measurement, analysis, & improvement of company performance			21
4.2 Management of knowledge, information, & IT			11
5 Focus on workforce:		85	
5.1 Labor environment			18
5.2 Engagement / labor engagement			22
6 Focus on operations:		85	
6.1 Work system			13
6.2 Work process			18
7 Results of operations:		450	
7.1 Product & process performance			5
7.2 Customer focused performance			4
7.3 Workforce focused performance			4
7.4 Leadership & governance performance			7
7.5 Financial & market performance			2
			275

Source: Ministry of SOE

The value/score of the seven Malcolm Baldrige categories that have been produced by a company will identify the company's position at the following performance levels: 0-275 *Early Development*, 276-375 *Early Results*, 376-475 *Early Improvement*, 476-575 *Good Performance*, 576-675 *Emerging Industry Leaders*, 676-775 *Industry Leaders*, 776-875 *Benchmark Leaders*, and 876-1000 *World Class Leaders*.

B. Assessment of financial performance using profitability ratios

Agency theory (Jensen & Meckling, 1976) describes agency correlation in an agreement where the principal employs people or agents to manage activities within the company. Both the principal and agent carry out their functions to realize the company's goals, namely profit and business development. Performance is one measure used to assess the extent to which agents carry out their functions within the company.

Return On Assets (ROA) can be used as a performance measurement tool, especially related to

financial performance. ROA is calculated by dividing a company's net profit (usually annual revenue) by its total assets and is displayed as a percentage (%). ROA is intended to measure a company's ability to generate profits in order to return on company activities (H.-D. Wang et al., 2019). In cross-sectional studies, use of ROA is a more conservative measure of performance (Murphy et al., 1996).

C. Hypothesis development

Measuring company performance with different tools and strategies often depicts different levels of performance. Several previous studies that tried to look at the performance of several measuring instruments including using the flow of technology utilization and strategic information (Choe, 2016). Performance measurement with different measuring tools was also carried out by measuring accounting-based and market-based performance, which in turn was associated with the probability of CEO turnover (Shin et al., 2016). The company's market performance is measured using Cumulative Abnormal Return (CAR) which is determined by financial information which is measured using Return on Assets (ROA) and non-financial information using the three components of the Balanced Scorecard Method which reflects the customer perspective, internal business process perspective, and perspective learning and growth (Honggowati, 2015), also known as the terms economic performance and operational performance associated with sustainable supply chain management (Duong, 2022). Measuring performance in a different way is intended so that the company can review in more detail from an operational perspective which still needs to be improved, so that in the future the company's performance can always be improved. In Indonesian state-owned enterprises, the performance measurement that must be carried out is based on the KPKU, which includes all managerial aspects based on the Letter of the Ministry of SOE No. S-153/SMBU/2012. This is mandatory. In general, performance measurement based on KPKU should show an increase every year because there is always

performance improvement. But on the other hand, it cannot be denied that there is a lot of negative news regarding the financial performance of Indonesian state-owned enterprises which have not been able to meet the target to contribute to state revenues. So that in this study the following hypotheses were established:

H₁: Measurement of financial performance and measurement of non-financial performance show different levels.

III. Methods

A. Research design

This research is a comparative research using comparative analysis. The value being compared is managerial performance as measured using the KPKU score with financial performance as measured using ROA. Comparative analysis is carried out in detail per year and per SOE sector. The data population used in this study is all SOE. The data was obtained through the SOE annual report for 2014 - 2020. The sample was determined using purposive sampling, namely SOE which have carried out an assessment using the KPKU.

B. Measures of values being compared

Measurement of SOE performance in this study uses 2 measurements, namely KPKU and ROA. Performance measurement using the KPKU score refers to the letter of the Secretary to the Ministry of SOE No. S.153/S.MBU/2012 that the performance of SOEs can be seen from the KPKU. The KPKU's assessment adopts the performance criteria compiled by Malcolm Baldrige. The KPKU score is obtained from company performance appraisal activities carried out by external parties of the company with coordination from the Ministry of SOE. KPKU's assessment uses a questionnaire, with 7 criteria including: Leadership, Strategic planning, customer focus, Measurement,

analysis, and knowledge management, Workforce focus, Operations focus, and Results. Furthermore, ROA is calculated by dividing the company's net profit (usually annual income) by its total assets and displayed as a percentage. ROA is intended to measure a company's ability to generate profits in order to return on company activities (H. Wang et al., 2019). ROA as a performance measurement tool is also used in researching the performance of wine companies in Iberia (Neves et al., 2022).

C. The hypothesis tested

This study compares the performance appraisal of SOEs using managerial and financial performance measures. The tested hypothesis is as follows:

Null hypothesis	$H_0: \mu_1 - \mu_2 = 0$
Alternative hypothesis	$H_1: \mu_1 - \mu_2 \neq 0$
Significance level	0.05

Comparative analysis provides an illustration of whether the performance evaluation of SOE using managerial performance is the same (unidirectional) when compared to using financial performance. The values to be compared are the average managerial performance values and the average financial performance values each year and each SOE sector.

IV. Results

This study succeeded in obtaining a sample of 389 years of data from 78 SOEs during the observation year 2014 - 2020. In the following, the results of the research are presented based on a comparison between managerial performance and financial performance. The years 2014 - 2020 were chosen because the implementation of the KPKU had only started in 2014 and until this research was conducted, in general many SOEs had published annual reports until 2020.

The descriptive statistics of the data used in this study are as follows:

Table 2. Descriptive Statistics

sample	Means	StDev
Man	524	108
Fin	56,7	71.8

Source: data processed by the author, 2022

Table 3. Data Comparison

T-Value	DF	P-Value
71,10	776	0.000

Source: data processed by the author, 2022

Table 2 shows that the average performance of Indonesian SOEs measured by managerial performance is at level 524 on a scale of 1000. This figure shows that the average performance is still not optimal. However, this figure always shows an increase from year to year. The deviation number of 108 shows a gap with the highest performance rate and the lowest performance figure which also shows that even at the highest number, the performance of Indonesian SOEs is not at a very good level. On the other hand, the financial performance of Indonesian SOEs shows the number 56.7 which indicates that the ability to generate profits from assets owned is 56.7%. With a deviation rate of 71.8%, it means that there is still a minus ROA which means that the performance from a financial perspective is still concerning.

In general, for all SOEs, managerial performance shows an increase, while financial performance shows a decrease. Table 3 shows a comparison of managerial performance values with financial performance for all SOEs, and is illustrated in Figure 1.

Furthermore, it is proven by using the comparative analysis F test with the following results:

Null hypothesis	$H_0: \mu_1 - \mu_2 = 0$
Alternative hypothesis	$H_1: \mu_1 - \mu_2 \neq 0$

With a T value of 71.10 it can be ascertained that H_0 is not supported, which means that managerial performance appraisal is different from financial performance appraisal. Likewise, the performance assessment per sector shows different directions, as summarized in the following Table 4.

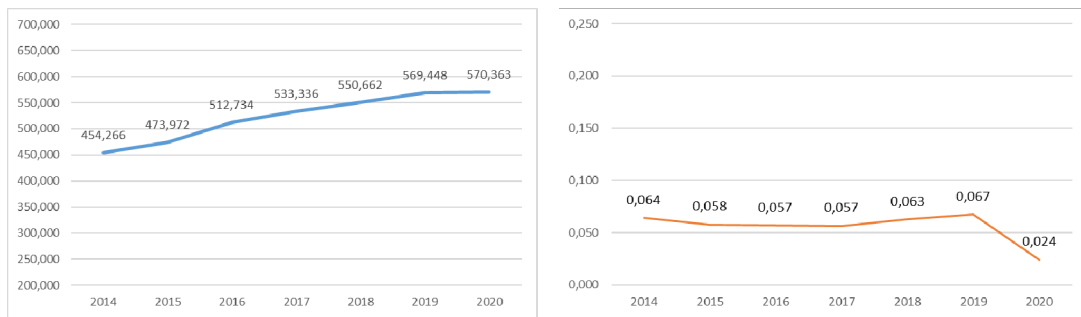


Figure 1. Comparison of managerial performance and financial performance as a whole of SOEs

Table 4. Summary of SOE performance comparison

No	Sector	Managerial Performance	Financial Performance	Attachment
1	All	Go on	Stable, & dropping in 2020	Table 5
2	Financial Services	Go on	Stable, dropping in 2019	Table 6, Figure 2
3	Tourism and Support Services	Go on	Fluctuation	Table 7, Figure 3
4	Telecommunications and Media Cluster	Go on	Go on, & down in 2019 - 2020	table 8, Figure 4
5	Energy, Oil and Gas Cluster	Go on	Down	Table 9, Figure 5
6	Health Cluster	Go on	Down	Table 10, Figure 6
7	Manufacturing Cluster	Go on	Stable	Table 11, Figure 7
8	Mineral And Coal Cluster	Go on	Fluctuation	Table 12, Figure 8
9	Insurance Services and Pension Funds	Go on	Down	Table 13, Figure 9
10	Infrastructure Services	Go on	Down, up in 2018, 2019, & fell sharply 2020	Table 14, Figure 10
11	Food and Fertilizer Cluster	Go on	Go on, & fell sharply in 2020	Table 15, Figure 11
12	Logistics Services	Go on	Go on, & fell sharply in 2020	Table 16, Figure 12
13	Plantation and Forestry Cluster	Go on	fluctuation, & fell sharply in 2020	Table 17, Figure 13

Source: data processed by the author, 2022

V. Discussions

Malcolm Baldrige's criteria as an integrative model of organizational effectiveness span a number of cross-disciplinary disciplines. Researchers were led to speculate that there is some literature relevant to Malcolm Baldrige's criterion framework (Ford & Evans, 2000). Some of the validity for the Malcolm Baldrige criteria framework suggests it may inspire further research. In this study the KPU which is based on Malcolm Baldrige's criteria is proxied to

measure managerial performance where the points contained in the KPU are a reflection of the business carried out by SOE management in an integrated manner.

The implementation of the KPU was motivated by demands for SOEs to be able to increase their competitiveness while at the same time being ready to face the free market era of the ASEAN Economic Community. In addition, by referring to the KPU, SOE can develop performance targets for SOE companies as a device to promote healthy internal competitiveness. With the KPU as a guideline and

measuring tool, SOEs are expected to be able to design organizational performance excellence, diagnose the overall performance management system, identify organizational weaknesses and strengths, and assess performance improvement efforts. In addition, achieving the effectiveness target of the Ministry of SOE in growing value for each SOE company so that it will have an impact on the national economy and improve the quality of public services. Based on the description above, it is understandable that the performance evaluation of SOE is very important to see whether the results of its activities so far have been in accordance with the aims and objectives of establishing SOE.

This study found that overall from a managerial performance perspective, the performance of Indonesian SOEs showed an increase while from a financial performance perspective, the performance of Indonesian SOEs showed a decline. This is because the determination of managerial performance is assessed in a more complex manner, which includes the 7 criteria of Malcolm Baldrige, including the level of public services provided to the public. Improvements to all of Malcolm Baldrige's criteria, which were carried out by SOE on an ongoing basis, caused the managerial performance value of SOE to show a continuous increase. Meanwhile, financial performance shows different directions, and is described as follows:

1. Financial services sector

Financial performance in the financial services sector shows a stable trend then declines in 2020. The performance of this sector is stable in line with stable economic development in Indonesia which tends to improve until 2019. But then declines in 2020 due to the co-pandemic. Many people suffer losses so that many installments are stuck. This worsened the performance of the financial sector.

2. Tourism and support services

Financial performance in the tourism and support services sector shows fluctuations. Fluctuations in this sector are assessed from various aspects, namely the performance of tourism objects and their supporting services,

including transportation and accommodation. Transportation in question includes land, sea and air transportation. Convenience of transportation and convenience of tourist objects will greatly affect this sector. including the plane crash incident that occurred in 2015 could be the cause of the decline in the performance of this sector.

3. Telecommunications and media cluster

Financial performance in the telecommunications and media cluster showed an increase. The growth of the telecommunications sector is strongly influenced by the times and IT developments. Technological advances and the demands of the times drive the performance of the IT sector. Even during the pandemic, the performance of this sector remained good even though in general the economy was declining.

4. Energy, oil and gas clusters

Financial performance in the energy, oil and gas clusters showed a downward trend. In 2020 the decline is even more severe. This sector declined due to efficiency policies and or the availability of replaceable energy, such as fuel cars that can be replaced by cars with batteries. in 2020 this sector declined sharply due to restrictions on various activities so that energy absorption in society was greatly reduced which had an impact on the decline in the performance of this sector.

5. Health cluster

Financial performance in the health cluster shows a downward trend until 2020. The performance of this sector has decreased due to increased public knowledge about the importance of maintaining health, as well as the existence of health services in other ways such as herbal medicine and online medicine. Even in 2020 its performance continued to decline because during the covid period it was more for humanitarian purposes, not for financial gain.

6. Manufacturing cluster

Financial performance in the manufacturing cluster shows a stable trend, until 2020 there

is a decline but not severe. This is because the manufactured product sector is the fulfillment of human needs which are always there or always needed. The slight decrease in 2020 was due to restrictions on various activities, thereby slightly reducing the number of needs for manufactured products.

7. Mineral and coal clusters

The financial performance of the mineral and coal clusters shows fluctuations. There was a slight decline from 2020, but this decline was not as severe as the decline in 2015. The decline in 2015 was made possible by the iron ore export ban policy, which reduced the sector's income by a very significant amount. Meanwhile, the decline in 2020 was due to the COVID-19 pandemic, in which there was a decrease in activity in all aspects of activity.

8. Insurance services and pension funds

The financial performance of the insurance and pension fund services sector showed a downward trend. There was a slight increase in performance in 2019 but dropped again in 2020. This decrease in performance is due to activity restrictions on various things. The Covid pandemic has reduced people's income in general so that premium payments have decreased, while there have been many requests for claim settlement.

9. Infrastructure services

Financial performance in the infrastructure services sector shows a downward trend. There was an increase in performance in 2018 and 2019, but fell very sharply in 2020. The increase in 2018 and 2019 was due to an additional number of contracts or an increase in infrastructure development activities. However, this increased assignment was not accompanied by definite funding. Thus affecting performance in the following year 2020. This was exacerbated by lowering premium deposits by the public.

10. Food and Fertilizer Cluster

Financial performance in the food and fertilizer clusters showed an increase until 2019, but then fell sharply in 2020. The increase in the

performance of this sector is generally a contribution from the increasing creativity of the community related to food innovation. Meanwhile, the decline in 2020 was due to the impact of the Covid pandemic which limited many activities so that the need for a variety of foods decreased. People tend to only need food that is considered important.

11. Logistics services

The financial performance in the logistics services sector showed an increase, but then fell in 2020. The causes of increase and decrease in this sector in general are the same as in the food sector, where the logistics sector is closely related to the mobility of goods.

12. Plantation and forestry cluster

The financial performance of the plantation and forestry cluster showed an increase, but then fell sharply in 2020. The same thing happened to this sector, with an increase until 2019 and a sharp decline in 2020, which was due to the pandemic.

Further research can be developed on how SOE efforts improve financial performance in more detail. This research contributes to how this performance measurement tool can then be more synchronized so that both managerial performance appraisal and financial performance appraisal can provide the same direction, increase or decrease. Such synchronization is needed when a SOE gets the BPEA award, which means there is an increase in managerial performance, which should be in line with its financial performance, so that there is no polemic, especially if the direction of managerial performance is inversely proportional to the direction of its financial performance.

This research supports the research of (Assagaf & Ali, 2017) which provides an overview of efforts to improve the financial performance of SOEs by studying the factors that influence it. This research is also in line with (Bonney & Bonney, 2015) in Ghana, (Zhu et al., 2016) in China, and (Marimuthu, 2021) in South Africa to try to improve the financial performance of SOEs.

VI. Conclusions

This study found that in general from a managerial performance standpoint, the performance of Indonesian SOEs showed an increase while from a financial performance perspective, the performance of Indonesian SOEs showed a decline. This is because the determination of managerial performance is assessed in a more complex manner, including the level of public services provided to the public. Each SOE sector shows several different directions. The financial services and manufacturing sectors show a stable direction until 2019, but there is a decline in performance in 2020. The tourism, minerals, and plantation and forestry sectors show fluctuations and are followed by a decline in performance in 2020. In the energy, health, insurance, and infrastructure show a downward trend even until 2020, there will be a very sharp decline. Meanwhile, the telecommunications, food and logistics sectors showed an increase, even though in 2020 there was a sharp decline in the food and logistics sector. The decline that occurred in 2020 generally occurred due to the co-19 pandemic.

Further research can be developed on how to improve the financial performance of each component that can be carried out by SOE in more detail. This research contributes to the government as the regulator to further improve the financial performance of SOE so that it is in sync with the increase in managerial performance. Thus between managerial performance and financial performance can provide a direction that is close to parallel.

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Attachment

1. Comparison of the overall performance of SOEs

Table 5. Overall Performance Comparison

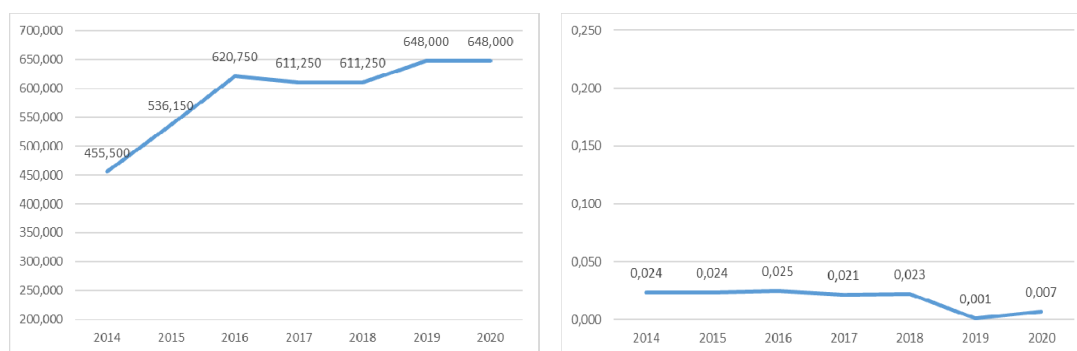
year	Average of Man	Average of Fin
2014	454,266	0.064
2015	473,972	0.058
2016	512,734	0.057
2017	533,336	0.057
2018	550,662	0.063
2019	569,448	0.067
2020	570,363	0.024

Source: data processed by the author, 2022

Table 6. Comparison of Performance in the financial services sector

year	Average of Man	Average of Fin
2014	455,500	0.024
2015	536,150	0.024
2016	620,750	0.025
2017	611,250	0.021
2018	611,250	0.023
2019	648,000	0.001
2020	648,000	0.007

Source: data processed by the author, 2022

**Figure 2.** Comparison of Managerial Performance and Financial Performance in the Financial Services sector

2. Comparison on Tourism and Support Services

Table 7. Comparison of Performance on Tourism and Support Services

year	Average of Man	Average of Fin
2014	306,000	0.238
2015	345,625	0.086
2016	442,500	0.127
2017	473,833	0.075
2018	510,333	0.051
2019	523,417	0.123
2020	516,333	0.118

Source: data processed by the author, 2022

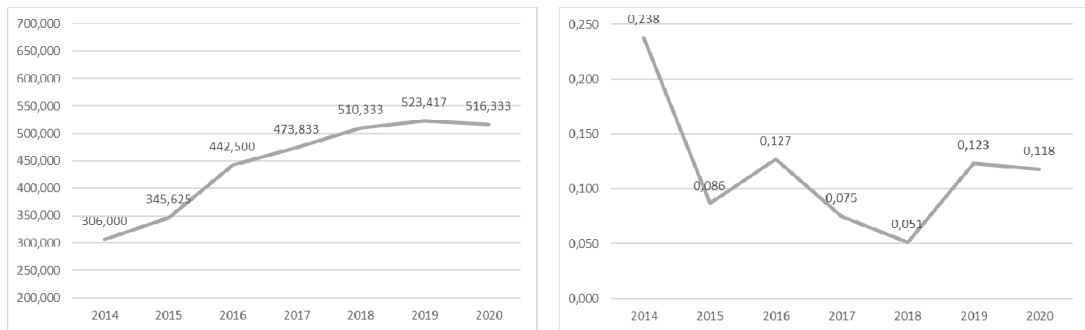


Figure 3. Comparison of Managerial Performance and Financial Performance in Tourism and Support Services

3. Comparison on the Telecommunications and Media Cluster

Table 8. Performance Comparison of the Telecommunications and Media Cluster

year	Average of Man	Average of Fin
2014	421,400	0.022
2015	460,100	0.046
2016	479,464	0.031
2017	500,786	0.054
2018	529,179	0.062
2019	504,625	0.052
2020	517,850	0.040

Source: data processed by the author, 2022

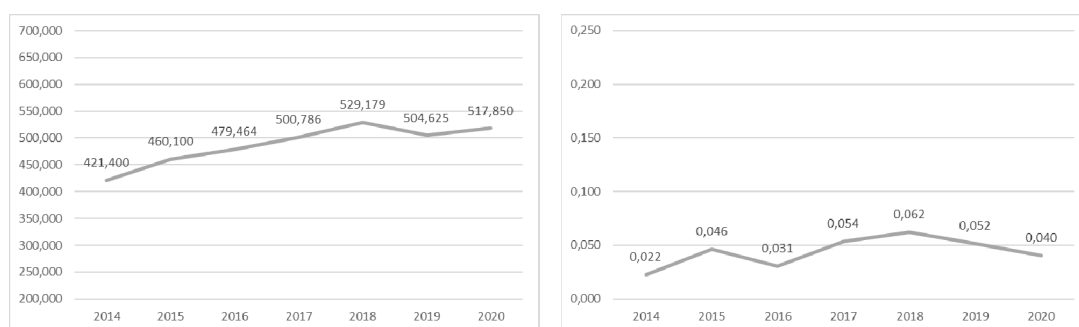


Figure 4. Comparison of Managerial Performance and Financial Performance in the Telecommunications and Media Cluster

4. Comparison of Energy, Oil and Gas Clusters

Table 9. Comparison of Performance in Energy, Oil and Gas Clusters

year	Average of Man	Average of Fin
2014	663,250	0.108
2015	645,067	0.060
2016	669,667	0.064
2017	678,667	0.048
2018	690,250	0.055
2019	704,833	0.007

Source: data processed by the author, 2022

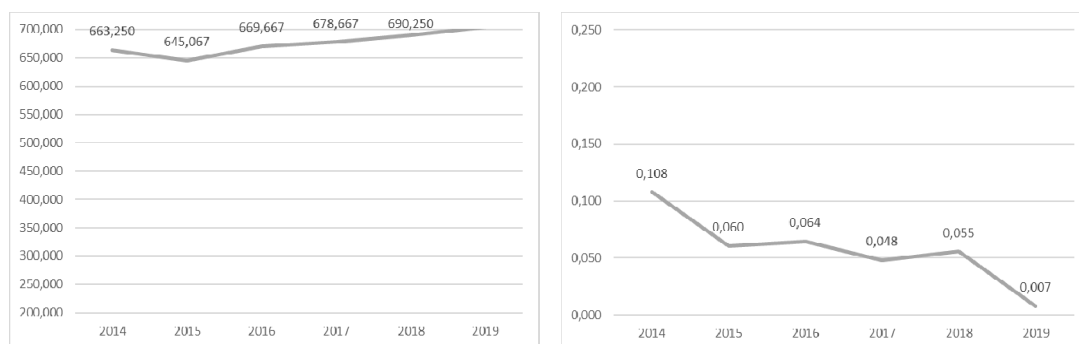


Figure 5. Comparison of Managerial Performance and Financial Performance in Energy, Oil and Gas Clusters

5. Comparison of Health Clusters

Table 10. Comparison of Performance in Health Clusters

year	Average of Man	Average of Fin
2014	391,083	0.081
2015	425,667	0.079
2016	463,333	0.045
2017	482,250	0.037
2018	488,833	0.034
2019	630,583	0.017
2020	516,167	0.005

Source: data processed by the author, 2022

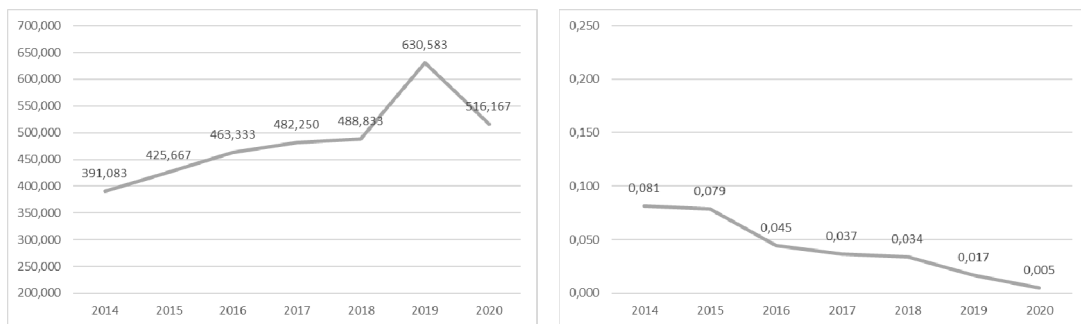


Figure 6. Comparison of Managerial Performance and Financial Performance in Health Clusters

6. Comparison of Manufacturing Clusters

Table 11. Comparison of Performance in Manufacturing Clusters

year	Average of Man	Average of Fin
2014	447,688	0.056
2015	451,656	0.078
2016	485,781	0.080
2017	494,525	0.068
2018	532,900	0.059
2019	562,508	0.074
2020	587,690	0.063

Source: data processed by the author, 2022

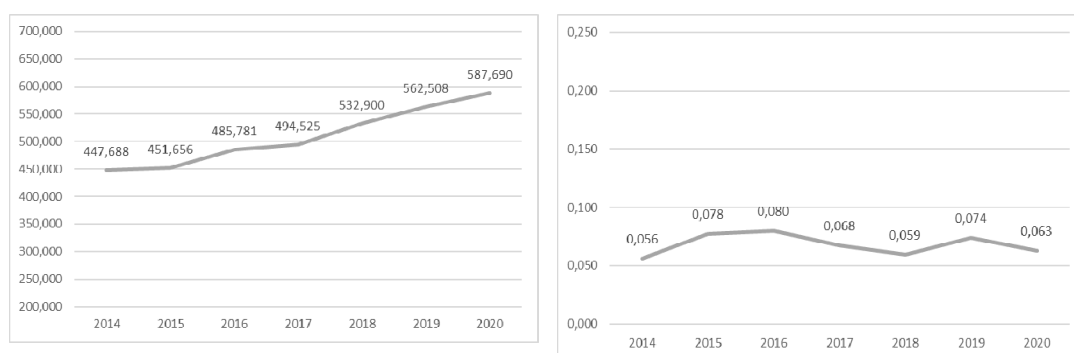


Figure 7. Comparison of Managerial Performance and Financial Performance in Manufacturing Clusters

7. Comparison of Mineral and Coal Clusters

Table 12. Performance Comparison of the Mineral and Coal Cluster

year	Average of Man	Average of Fin
2014	445,000	0.065
2015	515,833	0.004
2016	545,250	0.049
2017	604,563	0.081
2018	604,563	0.083
2019	633,833	0.054
2020	650,500	0.045

Source: data processed by the author, 2022

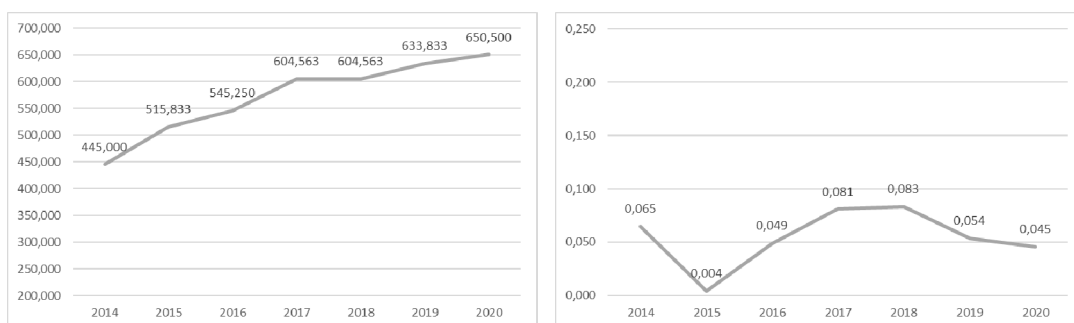


Figure 8. Comparison of Managerial Performance and Financial Performance in the Mineral and Coal Cluster

8. Comparison on Insurance and Pension Funding Services

Table 13. Performance Comparison of Insurance and Pension Funding Services

year	Average of Man	Average of Fin
2014	451,417	0.111
2015	475,625	0.074
2016	515,531	0.068
2017	537,656	0.056
2018	550,813	0.046
2019	575,938	0.062
2020	583,438	0.041

Source: data processed by the author, 2022

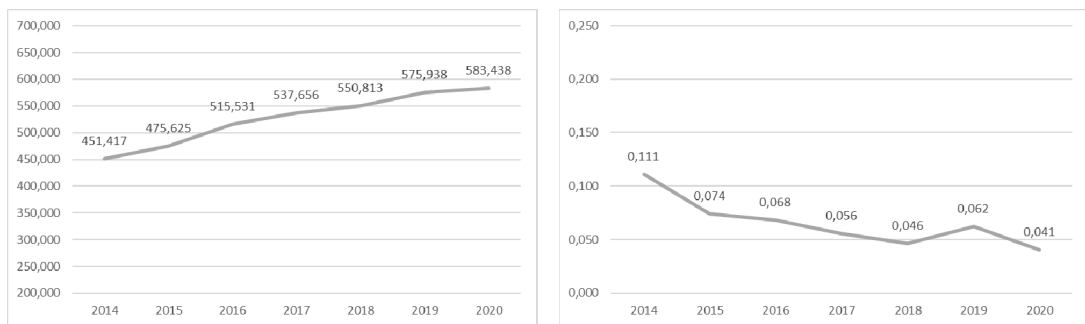


Figure 9. Comparison of Managerial Performance and Financial Performance in Insurance and Pension Funding Services

9. Comparison on Infrastructure Services

Table 14. Performance Comparison of Infrastructure Services

year	Average of Man	Average of Fin
2014	473,840	0.091
2015	506,042	0.076
2016	548,318	0.067
2017	589,675	0.053
2018	597,833	0.076
2019	620,775	0.095
2020	667,125	0.003

Source: data processed by the author, 2022

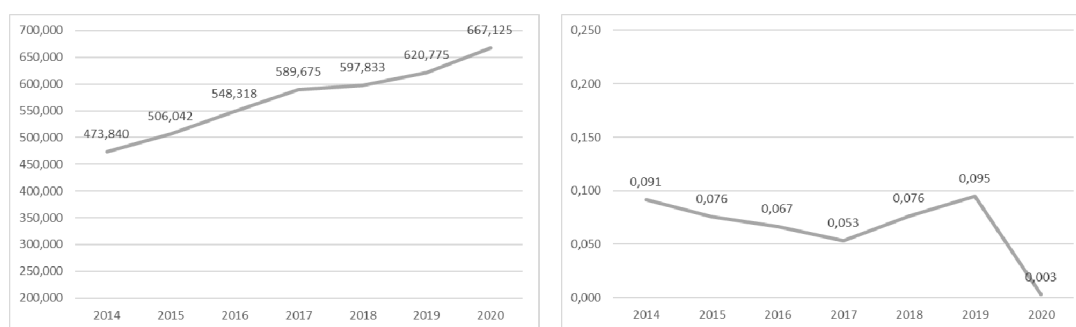


Figure 10. Comparison of Managerial Performance and Financial Performance in Infrastructure Services

10. Comparison of the Food and Fertilizer Cluster

Table 15. Comparison of Performance in the Food and Fertilizer Cluster

year	Average of Man	Average of Fin
2014	382,600	0.009
2015	406,767	0.037
2016	423,688	0.037
2017	445,188	0.064
2018	422,800	0.086
2019	411,750	0.108
2020	411,300	0.002

Source: data processed by the author, 2022

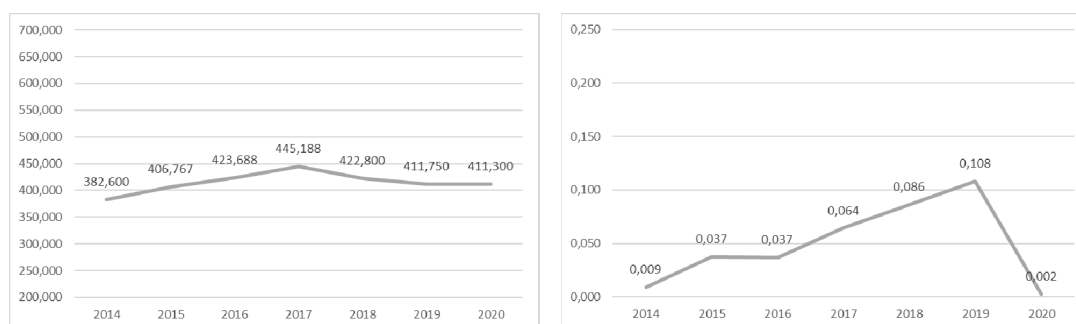


Figure 11. Comparison of Managerial Performance and Financial Performance in the Food and Fertilizer Cluster

11. Comparison on Logistics Services

Table 16. Performance Comparison of Logistics Services

year	Average of Man	Average of Fin
2014	441,450	0.043
2015	430,139	0.051
2016	480,375	0.062
2017	518,625	0.059
2018	543,025	0.067
2019	555,400	0.068
2020	596,200	0.019

Source: data processed by the author, 2022

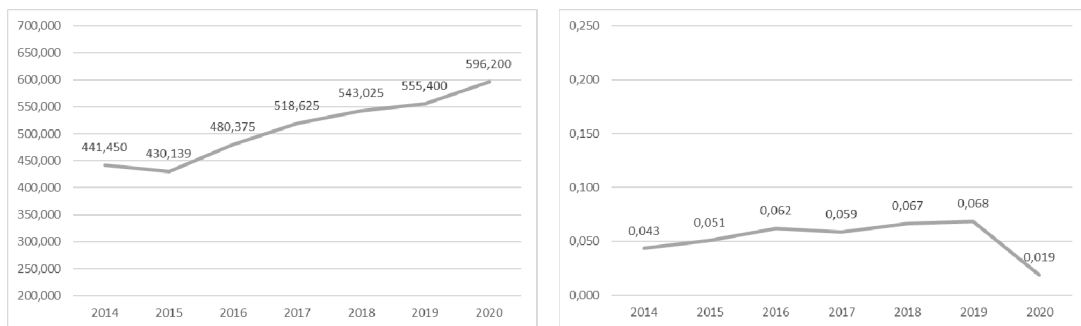


Figure 12. Comparison of Managerial Performance and Financial Performance in Logistics Services

12. Comparison of the Plantation and Forestry Cluster

Table 17. Performance Comparison of the Plantation and Forestry Cluster

year	Average of Man	Average of Fin
2014	492,750	0.035
2015	498,750	0.010
2016	498,500	0.029
2017	397,000	0.013
2018	397,000	0.041
2019	527,250	0.028
2020	527,000	-0.099

Source: data processed by the author, 2022

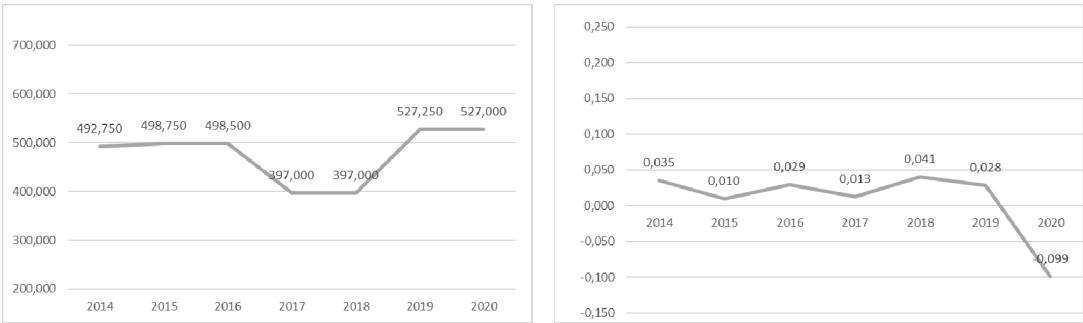


Figure 13. Comparison of Managerial Performance and Financial Performance in Plantation and Forestry