Designing Strategy of Indonesia Port Car Terminal Based on Analysis of Profitability Ratio Before And After the IPO

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Indonesia has managed to get out of the low-income zone and into the middle-income zone. However, Indonesia still has a challenge that is to get out of the middle-income trap zone. These challenges must be resolved by improving the performance of BUMN. Indonesia Port Center Terminal is one of the BUMN subsidiary companies precisely a subsidiary of Indonesia Port Center II (Persero). The purpose of the study was to determine differences in performance indicators before and after the IPO in profitability ratios, namely ROA, ROE, OPM, and NPM and recommendations for performance improvement strategies. The data obtained is based on the 2016-2019 financial statements and questionnaires to expert judgment. The method used is the Wilcoxon Paired t-Test, AHP, and SWOT test. The results of the Wilcoxon Paired t-Test test before and after the IPO were no difference. The results of the company's SWOT analysis are in the position of quadrant I (strength and opportunities). The recommended strategy applied in this condition is to support an aggressive growth policy that prioritizes the strengths and opportunities of the company.

Keywords: Profitability Ratio, Initial Public Offering, Analytical Hierarchy Process, SWOT

1. INTRODUCTION

Indonesia is a country that has managed to get out of low-income (per capita income below US \$ 955) and has reached middle-income (per capita income of US \$ 955 - US \$ 12,055). The years 2004 - 2014 were quite encouraging for Indonesia's economic performance due to leaving the low-income zone. During this period Indonesia's average economic growth reached 5.8% higher compared to Malaysia and Thailand by only 5.0% and 3.9% [1]. But in 2014 - 2018 decreased and relatively stable. The rate of economic growth tends to decrease from 2009 - 2018 so that it is currently experiencing a middle-income trap (BPS, 2019). Indonesia is still difficult to get out of the middle-income trap due to several factors, including internal and external factors. This has an impact on the industry one of them in the infrastructure sector, Transportation, and Utilities.

According Pastusiak [1] companies that have registered as Initial Public Offering (IPO) will experience a share price decline in the first three years. Even after the IPO, the results have declined compared to before the IPO-1 period. The research conducted was observed using Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM) and Operating Profit Margin (OPM). According to Wahyono [2] changes before and after the IPO are seen in the increased liquidity ratio, while the solvency and profitability ratios have decreased. These changes are not significant before and after the IPO. According to Jessica et al. [3] there are differences between before and after the company which is an Initial Public Offering (IPO). A significant difference of 0.002 is better before IPO compared to after IPO. Specific for companies in the financial sector, there was no increase before and after the IPO.

Initial Public Offering (IPO) or commonly referred to as going public is where companies can share ownership with individuals or organizations. Companies that have IPO can be the best solution to get capital from outside the company to grow. Researchers are interested in this study to determine the development of profitability ratios before and after the IPO. So that researchers can make design for improving company strategy in financial performance based on condition before and after IPO.

2. METHODOLOGY

Profitability ratio is measurement of company performance from profit [2]. Profitability ratios are divided by several ratios, including Return on Equity (ROE), Return on Assets (ROA), Net Profit Margin (NPM), and Operational Profit Margin (OPM). Return on Equity is a ratio that compares net income with shareholder equity (equation 1). The purpose of ROE is to measure a company can use the money invested by shareholders in making profits and developing the company.

$$ROE = \frac{\text{Net Income}}{\text{Shareholder's Equity}} \times 100 \quad (1)$$

Return on assets is the main indicator of profitability because it evaluates the ability of corporations to transfer assets into operating profit (equation 2) [4]. The purpose of ROA is to find out the company in managing its assets to be profitable for the company.

$$ROA = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100 \quad (2)$$

Net Profit Margin is a comparison between profits before deduction with interest and taxes with sales (equation 3) [5]. The purpose of the ratio is to find out how the company manages the profits derived from sales.

$$NPM = \frac{\text{Net Profit Before Interest And Taxation}}{\text{Sales}} \times 100 \quad (3)$$

Operational Profit Margin is a ratio that compares the net profit received by a company with the company's operating profit (equation 4). OPM is good when the ratio increases every year or at least stable. When OPM increases every year, it indicates that the company is able to increase net sales and reduce or minimize production or operating expenses.

$$OPM = \frac{\text{Operating Profit}}{\text{Net Revenue From Sales of Goods}} \times 100 \quad (4)$$

Fishbone diagrams or commonly called cause-effects are used to analyze the cause and effect of a problem and can identify to the root [6]. There are several groups of components separated by their function in a fishbone diagram so that it makes it easier to identify the root cause.

Analytical Hierarchy Process (AHP) is a method for making decisions for decision makers in an organized manner to produce priorities and depend on expert judgment [7]. Determining the priority of making comparisons, it is necessary to scale the numbers that show how important the elements are compared with respect to the criteria. Hierarchy is defined as a representation of a complex problem in a multi-level structured where the first level is the goal, followed by the level of factors, criteria, sub criteria, and so on down to the last level of alternatives [7].

According to Ranguti [8] the SWOT method is used to analyze several factors that affect a company. SWOT with the abbreviation Strength, Weakness, Opportunities, and Threats is a method that designs a business strategy through internal factors (Strength and Weakness) and external (Opportunities and Threats). SWOT analysis compares internal and external factors in order to get the expected strategy.

3. MODEL CONCEPTUAL

The conceptual model is designed to make problem solving to be done by researchers and made from data retrieval to recommendation strategies for the problems studied by researchers.

Figure 1. Model conceptual research

Measurements made come from the company's financial statements from before and after a period of two years. After analyzing whether or not there is an impact, a determination is made using the Analytical Hierarchy Process (AHP) with expert judgment. The goal is to find out information that comes from the field or who has experience. When you have a valid decision, you need to do a strategy using the SWOT method. Strategic planning comes from decisions that have been set to fit the goals and will have a good impact on the company.

4. RESULT AND DISCUSSION

Indonesia Port Car Terminal was established in 2007. But the new company was listed on the Indonesia Stock Exchange in 2018. This research will examine before and after the IPO of the Profitability Ratio consisting of Return on Asset (ROA), Return on Equity (ROE), Operating Profit Margin (OPM), and Net Profit Margin (NPM). The data used for this study for 4 years consisted of 2 years before the IPO and 2 years after

the IPO. This study uses quarterly data from each year so that the total amount of power needed is 12 quarters. The following results from the Wilcoxon Paired t-Test are processed using IBM SPSS 26.

Table 1. Wilcoxon paired T-test result

Comparison	Conslusion ($\alpha=0.05$)	Ratio Changes in The Process IPO
ROA3 - ROA1	$Me_{ROA3} = Me_{ROA1}$	$ROA3 > ROA1$
ROA4 - ROA2	$Me_{ROA4} = Me_{ROA2}$	$ROA4 > ROA2$
ROA4 - ROA1	$Me_{ROA4} = Me_{ROA1}$	$ROA4 > ROA1$
ROA3 - ROA2	$Me_{ROA3} = Me_{ROA2}$	$ROA3 > ROA2$
ROE3 - ROE1	$Me_{ROE3} = Me_{ROE1}$	$ROE3 > ROE1$
ROE4 - ROE2	$Me_{ROE4} = Me_{ROE2}$	$ROE4 > ROE2$
ROE4 - ROE1	$Me_{ROE4} = Me_{ROE1}$	$ROE4 > ROE1$
ROE3 - ROE2	$Me_{ROE3} = Me_{ROE2}$	$ROE3 > ROE2$
OPM3 - OPM1	$Me_{OPM3} = Me_{OPM1}$	$OPM3 > OPM1$
OPM4 - OPM2	$Me_{OPM4} = Me_{OPM2}$	OPM4 = OPM2
OPM4 - OPM1	$Me_{OPM4} = Me_{OPM1}$	OPM4 = OPM1
OPM3 - OPM2	$Me_{OPM3} = Me_{OPM2}$	$OPM3 > OPM2$
NPM3 - NPM1	$Me_{NPM3} = Me_{NPM1}$	NPM3 = NPM1
NPM4 - NPM2	$Me_{NPM4} = Me_{NPM2}$	NPM4 = NPM2
NPM4 - NPM1	$Me_{NPM4} = Me_{NPM1}$	NPM4 = NPM1
NPM3 - NPM2	$Me_{NPM3} = Me_{NPM2}$	$NPM3 < NPM2$

Figure 2. Fishbone diagram of Indonesia port car terminal

Based on calculations using the Wilcoxon Paired t-test, the average profitability ratio is higher before compared to after the IPO. But statistically the profitability ratio before and after the IPO did not have a significant difference. Profitability ratios are a way to determine the utilization of a company's activities in

generating profits. The company's operations before and after the IPO have no difference and are in line with the revenue received. In contrast to assets and equity owned by companies, the difference is even more different from the income received after becoming an IPO. The purpose of IPO companies is to develop Go International companies and make stakeholders trust the company. Because when a company becomes an IPO, accountability can be accessed publicly so as to gain the trust of stakeholders and the public. In addition, the company gets funds from investors so the company can develop the company.

Table 2. Internal factors of Indonesia port car terminal

No	Internal Factor	Priority	Rating	Score Priority
Strength				
1	Quality and Excellence Terminal Handling	0.1677	4	0.6708
2	Quality and Excellence Value Added Services	0.1200	4	0.4800
3	Quality and Excellence Sea Toll Services	0.1189	3	0.3566
4	Implementing Good Corporate Government	0.1315	3	0.3946
5	Quality and Excellence Operational	0.1418	2	0.2836
6	Storage Capacity	0.1499	4	0.5998
Total Strength				2.7853
Weakness				
7	Asset Performance	0.1702	4	0.6806
Total Weakness				0.6806

Return on Assets (ROA) is used to compare the income received with assets owned by the company. The company made additions to non-current assets significantly increased to 497.06% in 2017-2018. The company made the investment to support operational activities such as buildings, equipment and facilities installation. This was also influenced by the increasing demand and production both at home and abroad. In addition, current assets also increased in 2018 by 193.06% from 2017 so that overall total assets increased by 274%.

Return on Equity (ROE) is used to compare earnings with company equity. The increase in equity was influenced by share capital of 9,123% in 2017-2018. The company after the IPO will get fresh funds from several investors, especially the public. But it is not in line with the income received by the company. Income before tax received by the company in 2017-2018 increased by 26.24% so that before the same as after the IPO. SWOT matrix and fishbone diagram analysis results are used to recommend strategies for Indonesia Port Car Terminal based on S-W and O-P reduction. The following is a SWOT matrix from Indonesia Port Car Terminal.

Table 3. External factor of Indonesia port car terminal

No	External Factor	Priority	Rating	Score Priority
Opportunity				
1	Domestic Market Demand	0.1976	4	0.7905
2	International Market Demand	0.1319	4	0.5274
3	Domestic Car Production	0.1152	2	0.2305
4	Development in The Country	0.1564	4	0.6258
Total Opportunity				2.1742
Threat				
5	Inflation Rate	0.1489	3	0.4468
6	Government Regulation	0.1221	3	0.3663
7	Economic Rate	0.1278	4	0.5112
Total Threat				1.3243

Figure 3. SWOT diagram of Indonesia port car terminal

Based on calculations, the position of Indonesia Port Car Terminal is in quadrant I which has a very favorable situation because it can take advantage of opportunities to use its strengths. The strategy used by the company is aggressive so the company can get optimal profits. Strategy recommendations to improve company performance by prioritizing strengths and opportunities. The following are recommendations for strategies to improve company performance.

Based on the increasing domestic and international markets, companies must maintain the quality and excellence of the services offered to increase revenue. So that stakeholders can be more loyal to the company with the quality of service. Indonesia Port Car Terminal is the only company that provides vehicle terminals in Indonesia. The company can also maintain the position of old and new competitors.

Indonesia Port Center II is the busiest port in Indonesia including Indonesia Port Car Terminal. Companies should improve the quality and operational excellence of the company by using information systems. Companies can improve the efficiency and effectiveness of each operational activity. Goods that can enter and exit every company can be tracked and controlled using information systems. So that the data is accurate and real time from each activity. It also makes it easier for management to plan, supervise, direct and evaluate every operational activity.

Increasing company capacity not only on Java but on islands that have high demand. Because Indonesia Port Car Terminal has market opportunities throughout Indonesia, but for hinterland the company is still on the islands of Java and Sumatra. Indonesia Port Car Terminal can take advantage of opportunities from increasing domestic market demand in Java, Sumatra, Maluku and Papua. This growth was supported by the existence of trading fund processing industry activities. The challenge for companies is to connect between islands with new container shipments and connect industrial clusters on large islands. In addition, the company needs to prepare a large storage capacity or dock to accommodate all goods. The company can also see on one of the islands that development is taking place. The company can play an active role in the country's development. So that the assets of the company can generate corporate profits. Indonesia Port Center is an additional capacity or dock on the island which has a high market. The land in Indonesia Port Center can be partly leased to other companies so that the company gets passive income.

5. CONCLUSIONS

The conclusions obtained from the results of research on the analysis of internal and external factors of Indonesia Port Car Terminal before and after the IPO and the company's strategy obtained from the company's SWOT analysis.

The results of calculations, profitability ratios such as ROA, ROE, OPM, and NPM before the company is greater than after the IPO. However, by using the Wilcoxon Paired t-Test there is no improvement before and after the IPO or tends to be the same. This is indicated by the $p\text{-value} > \text{significance} (0.05)$. Table 3 shows that out of 4 profitability ratios have a $p\text{-value} > 0.05$.

Based on the fishbone diagram analysis, there are root causes that statistically cause no difference before and after the IPO. The two company assets are current assets and non-current assets after IPO increased by 193.06% and 497.06%. This is influenced by cash and equivalents, purchases and additional assets at the company. However, this addition did not occur in the addition of company profits. Share capital contained in equity increased by 9,212% after the IPO. But the profit received by the company decreased 24.16% after the IPO so that the ROE before was greater than after the IPO.

The recommended strategy is based on the results of the SWOT matrix, in quadrant I which has a very favorable situation because it can take advantage of opportunities to use its strength. Indonesia Port Car Terminal increases the quality and excellence of the services offered so that the company gets maximum revenue and gets loyalty from stakeholders. Information system becomes a quality improvement and operational excellence of the company. Companies can improve the efficiency and effectiveness of operational activities. This can facilitate the management to plan, supervise, direct and evaluate each operational activity. Invest in one of the islands which has a high market such as Java, Sumatra, Maluku and Papua. The growth is based on economic activities that increase every year. The company can also play an active role in helping the development of the Indonesian state in some of these islands.

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