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Analysis of Capital Structure, Profitability of State-Owned Enterprises, and Additional State Capital Participation in 2014-2017

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Abstract:
The government has provided additional capital investment to help improve the capital structure and increase business capacity in order to increase the profitability of state-owned enterprises (SOEs). In addition, additional capital investment is also given to SOEs in order to carry out a special government assignment. This research aims to see if the additional capital investment has been used effectively and efficiently in improving the structure of capital and in generating profit. To achieve the goal of research, statistic descriptive and financial ratios are conducted. The results showed that in general the additional capital was used well in improving the capital structure of the debt ratio and debt to equity ratio. In addition, the additional capital has also increased return on equity even though it has not been efficient in increasing return on asset.

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1. Introduction

Based on the mandate of the State Constitution of the Republic of Indonesia Article 33, production branches that are important to the State and which regulate the level of life of many people are controlled by the State to be used to increase the prosperity of the people. To realize this, the Government established a State-Owned Enterprise (SOEs) to process and provide prosperity for the people of Indonesia. In the name and main role, SOEs are often referred to as development agents or development agents.

Based on Law Number 19 of 2003 concerning State-Owned Enterprises, SOEs is a business entity that is wholly or partially owned by the state through the direct participation needed from the rich countries added. SOEs are state assets which are largely due to large capital or even controlled by the state.

In business competition, not all state-owned enterprises get profits. Based on the decision of the Minister of Finance, Sri Mulyani at detik.com (2017) stated that in accordance with the number of SOEs that get PMN in 2015, the results of 24 SOEs have increased and 6 have lost getting bigger. To overcome this, almost every year, the Government always allocates State Capital Participation (PMN) to SOEs after evaluating the performance of SOEs that suffer continuous losses to improve their capital structure in the hope that they will benefit in the future. In addition, PMN is usually given if there are SOEss that receive special assignments from the Government and their funding needs are insufficient. Government Regulation (PP) Number

44 of 2005 concerning Procedures for Participation and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies, article 7 states that the addition of PMN to a SOEs is carried out in the context : 1) improving the SOEs capital structure and limited liability company; and/or 2) increase the business capacity of SOEs and limited liability companies.

The addition of PMN is expected to help SOEs improve their condition both in terms of their financial condition and the company's performance in generating revenue. In providing PMN, the Government always considers the results of evaluating the performance of SOEs. Financial performance is a business carried out by company management to evaluate the efficiency and effectiveness of economic activities that have been carried out for a certain period of time. Sucipto (2003) and(Ahmad & Ahmad, 2018) stated that financial performance is the determination of certain measures that can measure the success of an organization or company in generating profits. Based on Titman, Keown & Martin (2014) company performance can be seen in five measurements, namely: liquidity, capital structure, efficiency, profitability, and fair market value of the company.

As the goal of giving PMN, additional capital provided by the Government should be able to improve the capital structure and increase the profitability of SOEs. This is actually in tune with several existing studies. Kelbulan, Izak; Kurniawan, (2013) in their research supported the results of the Natanegara (2014) in Kelbulan, Izak; Kurniawan, (2013) which resulted in the capital participation of government to have a positive influence on company performance.

Christi, Khalid Ashraf., Ali, Khusheed., Sangmi, (2013) in their research stated that capital structure does have a statistically significant impact on the profitability of firms. Capital structure is measured using the debt to equity ratio. This finding is supported by Nasimi (2016) which stated that the Debt to Equity ratio has a positive significant impact on ROE. Nimalathasan & Brabete (2010) stated in the results of his research stating that the debt to equity ratio (D/E) ratio is positive and strongly associated with all profitability ratios (gross profit ratio (GPR); operating profit ratio (OPR); and net profit ratio (NPR) except return on capital employed (ROCE) and return on investment (ROI).

From some of the above studies, the author wants to see whether indeed the addition of PMN will be used to improve its capital structure and to increase its business capacity in generating profits.

1.1.Objectives

The main objective of the study is to find out the impact of additional government investment on the capital structure and the profitability of the SOEs. Some other specific objectives are:

a. To identify the additional government investment has improved capital structure.
b. To identify and analyze additional government investment has increased the profitability of SOEs.

2. Research Methods

2.1.Source of Data

The study used secondary data which were collected from the Government Financial Statement, from the year 2014-2017. the Author only used data of SOEs in the form of a limited company, due to the objective of that company is to maximize shareholder value through maximizing profitability.

2.2.Sampling Design

Based on government financial report of 2017, there were 115 SOEs in the form of a limited company. The Author only used SOEs which got additional investment during the year 2014-2017. During 2014-2017, there are 49 companies which got additional investment form government. Therefore, the author uses 49 companies to be analyzed and identified.

2.3.Techniques

There have been applied the following statistical tools and techniques to quantify, analyze and evaluate the data through Mean, percentage, table, and financial ratio. Variables which will be analyzed as follows:

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2.4.Capital structure:

Titman, Keown, & Martin (2018) stated that capital structure refers to the way firm finance its assets using a combination of debt and equity. Capital structure can be evaluated using:

2.5.Debt Ratio

Titman, Keown, & Martin (2018) stated that the debt ratio measures the percentage of the firm's assets that were financed using debt (current and long-term liabilities).

$$\text{Debt Ratio} = \frac{Total\ Liabilities}{Total\ Assets}$$

2.6.Debt to Equity Ratio

Riyanto, (2001) stated that the debt to equity ratio measures the percentage of the firm's liabilities and equity.

$$\text{Debt to Equity Ratio} = \frac{Total\ Liabilities}{Total\ Equity}$$

Profitability ratios: a profitability ratio is used to answer a fundamental question: has the firm earned an adequate return on its investment (Titman et al., 2018). This ratio can be measured using:

2.7.Return on Equity (ROE)

This ratio is used to measure the return that can be earned by the shareholder.

$$\text{Return on Equity} = \frac{Net\ Income}{Total\ Equity}$$

2.8.Return on Asset/Return on Investment (ROA)

Syamsuddin (2011) stated that ROA is an indicator of how profitable a company is relative to its total assets.

$$\text{Return on Asset} = \frac{Net\ Income}{Total\ Asset}$$

3. RESULTS AND DISCUSSION

As is known, the form of SOEs consists of three, namely the establishment, public companies, and limited liability company. Each form of the company has its purpose. SOEs in the form of limited liability company was established with the aim to find profit that later can increase the shareholder's wealth, in this case, the government. However, SOEs forming a limited liability company can also be given a special assignment by the Government to support the governmental program in realizing the prosperity of people. Currently, based on the financial report of the central government, there are 115 SOEs in the form of limited liability company under the authority of the Ministry of State-owned enterprises and 4 SOEs in the form of limited liability under the authority of the Ministry of Finance

As described in the background, that during operation, some SOEs experienced bad performance, resulting in a huge loss. In addition to the enormous losses, some SOEs also have substantial debts which resulted in SOEs ' capital structure being unhealthy. Therefore, to improve the health condition of the SOEs, the government increased its investment through the government Capital Inclusion Program (PMN) with the expectation, the capital structure can be repaired so that the equity of the SOEs is not deficit and expectations Then it is able to help the performance of SOEs to make profit or most can decrease its loss.

On the other hand, some other SOEs have demonstrated good performance by making a profit every year. Some SOEs also gained direct assignment from the government for special government programs in realizing equitable development. Therefore, the Government also provides PMN for SOEs to increase its capacity in carrying out the assignment and to improve its profitability.

Like the purpose of writing, the authors want to see if PMN administration is indeed effective in improving SOEs capital structure and can increase profitability. The provision of additional capital through PMN will surely increase the asset (debit)

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and equity (credit), so that the capital structure will be healthier when measured by debt ratio or debt to equity. The positive impact of an additional PMN in the capital structure is to look at the decline in Debt ratio and decreased debt to equity ratio.

This is in line with some of the findings of the previous research stating that the capital Structure has a positive influence in generating the company profit. After the addition of capital through PMN, the asset will increase so that the capacity of the business will increase to generate income that will eventually generate profit. PMN has a positive impact on the ability to generate SOEs profit marked by increasing return on equity or return on asset.

Based on table 1, it can be seen that there are 20 SOEs that have a debt ratio of less than 50% before PMN. In addition, there are also 20 companies that have a debt to equity ratio of less than 100% by eliminating companies that have a debt to equity ratio of negative value, which is as many as 5 businesses. Debt ratios of less than 50% indicate that assets owned and controlled by companies are mostly financed by equity, not debt. Then, the debt to equity ratio of less than 100% indicates that the amount of debt is less than the value of the company's equity. The bigger the debt, the riskier the company is against the default risk.

Table 2 shows SOEs ' average debt ratio before the addition of PMN is 68.53%, indicating that SOEs who gained PMN in 2014-2017 before being given the PMN financed all of its assets in large debt. PT Sang Hyang Sri is SOEs with the most debt ratio, this is due to the year 2015, the company has a large deficit. Therefore, in 2016, PT Sang Hyang Sri got PMN to improve its capital structure.

Financial ratios table before PMN

No	Name of Company	Year	Debt Ratio	Debt to Equity Ratio	Return on Equity	Return on Asset	No	Name of Company	Year	Debt Ratio	Debt to Equity	Return on Equity	Return on Asset
1	PT SMF	2013	62,66%	167,93%	5,19%	1,94%	26	Tbk	2014	77,29%	340,25%	17,59%	4,00%
2	PT PAL Indonesia (Persero)	2014	110,72%	-1032,62%	-2,83%	0,30%	27	PT Adhi Karya (Persero) Tbk	2014	83,25%	497,12%	18,64%	3,12%
3	PT Pertani (Persero)	2014	137,77%	-364,79%	42,67%	-16,11%	28	PT Hutama Karya (Persero)	2014	83,47%	504,83%	14,55%	2,40%
4	PT Dok dan Perkapalan Surabaya (Persero)	2014	228,61%	-178,98%	22,10%	-27,98%	29	PT Bahana Pembinaan Usaha Indonesia (Persero)	2014	86,97%	667,56%	25,72%	3,35%
5	PT Dok dan Perkapalan Kodja Bahari (Persero)	2014	252,89%	-165,40%	8,67%	-15,25%	30	PT Permodalan Nasional Madani (Persero)	2014	87,50%	687,11%	9,52%	1,18%
6	PT Sang Hyang Seri (Persero)	2014	287,63%	-153,30%	-15,95%	29,93%	31	PT Djakarta Lloyd (Persero)	2014	94,73%	1796,79%	1115,26%	58,80%
7	PT PENJAMINAN INFRASTRUKTUR INDONESIA	2014	1,27%	1,29%	6,35%	6,27%	32	PT PENJAMINAN INFRASTRUKTUR INDONESIA	2015	1,28%	1,29%	4,66%	4,60%
8	PT Pengembangan Pariwisata Indonesia (Persero)	2014	11,66%	13,20%	6,62%	5,85%	33	PT Perikanan Nusantara (Persero)	2015	19,57%	24,33%	4,86%	3,91%
9	PT ASDP Indonesia Ferry (Persero)	2014	13,10%	15,08%	5,64%	4,90%	34	PT Angkasa Pura II (Persero)	2015	19,91%	24,85%	10,59%	8,32%
10	PT Angkasa Pura II (Persero)	2014	13,80%	16,00%	8,32%	7,17%	35	PT Pelayaran Nasional Indonesia (Persero)	2015	20,45%	25,71%	2,10%	1,67%
11	PT Pelayaran Nasional Indonesia (Persero)	2014	23,07%	29,99%	0,27%	0,21%	36	PT SMI	2015	22,26%	28,63%	1,20%	0,93%
12	PT Pelabuhan Indonesia IV (Persero)	2014	28,10%	39,07%	16,08%	11,56%	37	PT Perusahaan Listrik Negara (Persero)	2015	30,87%	44,66%	1,38%	0,96%
13	PT GEO DIPA ENERGI	2014	43,54%	77,13%	-1,00%	-0,56%	38	PT Asuransi Kredit Indonesia (Persero)	2015	39,91%	66,41%	12,77%	7,66%
14	PT Perikanan Nusantara (Persero)	2014	43,90%	78,26%	10,73%	6,02%	39	PT Krakatau Steel (Persero) Tbk	2015	51,70%	107,03%	-18,26%	-8,82%
15	PT Aneka Tambang (Persero) Tbk	2014	45,88%	84,79%	-6,50%	-3,52%	40	PT Jasa Marga (Persero) Tbk	2015	66,52%	198,92%	10,67%	3,59%
16	PT Garam (Persero)	2014	46,69%	87,59%	6,78%	3,61%	41	PT Amarta Karya (Persero)	2015	66,68%	200,14%	10,17%	3,39%
17	PT Perusahaan Pengelola Aset (Persero)	2014	47,04%	88,83%	4,14%	2,19%	42	PT Wijaya Karya (Persero) Tbk	2015	72,26%	260,46%	12,95%	3,59%
18	PT SARANA MULTI INFRASTRUKTUR	2014	47,76%	91,42%	5,11%	2,67%	43	PT Pembangunan Perumahan (Persero) Tbk	2015	73,24%	273,66%	16,52%	4,42%
19	PT. SARANA MULTIGRIYA FINANSIAL	2014	58,42%	140,50%	4,37%	1,82%	44	PT Barata Indonesia (Persero)	2015	75,51%	308,25%	3,90%	0,95%
20	PT Dirgantara Indonesia (Persero)	2014	62,64%	167,67%	-4,40%	-1,64%	45	PT Rajawali Nusantara Indonesia (Persero)	2015	82,28%	464,34%	5,70%	1,01%
21	PT Kereta Api Indonesia (Persero)	2014	63,51%	174,06%	16,47%	6,01%	46	PT Industri Kereta Api (Persero)	2015	84,60%	549,19%	7,71%	1,19%
22	PT Industri Kapal Indonesia (Persero)	2014	67,36%	206,41%	6,16%	2,01%	47	PT Pertani (Persero)	2015	99,11%	11101,89%	-1109,85%	-9,91%
23	PT Perkebunan Nusantara III (Persero)	2014	67,67%	209,29%	3,83%	1,24%	48	PT Djakarta Lloyd (Persero)	2016	49,70%	98,79%	8,02%	4,04%
24	PT Pindad (Persero)	2014	71,78%	254,39%	6,47%	1,83%	49	PT Kereta Api Indonesia (Persero)	2016	61,33%	158,76%	10,48%	4,05%
25	PT Perusahaan Listrik Negara (Persero)	2014	72,72%	266,56%	7,15%	1,95%							

Source: Prepared from LKPP 2013-2016

The average debt to equity ratio of SOEs before the addition of PMN was 382.51%, indicating that SOEs who gained PMN in 2014-2017 before the PMN were given a value of more than 3 times the value of its equity. There are six companies that have a debt to equity ratio negative. This negative value is caused by the company has a deficit in its equity.

Tables 1and 2 also show ROE and ROA before the addition of PMN. The average ROE for SOEs before PMN is at-102%. This indicates that the rate of return on the equity for all SOEs is a negative value which means there is a reduction in equity value. PT Pertani obtained the least small ROE of-1109% which resulted in the year 2015, PT Pertani suffered a huge loss when compared to its equity value. ROA for SOEs before obtaining PMN has an average of 1.63%. This indicates that on average the asset has been invested, SOEs generates a return of 1.63%.

TABLE 2

Resume Rasio Keuangan

	Aset (million Rp)	Liability (million Rp)	Equity (million Rp)	Net Income	Debt Ratio	Debt to Equity Ratio	ROE	ROA
Total before PMN	2.309.883.072	1.082.390.611	1.227.492.461	35.656.458				
Total after PMN	3.275.499.711	1.204.319.172	2.071.180.539	38.716.141				
Average before PMN	47.140.471	22.089.604	25.050.867	727.683	68,53%	382,51%	7,32%	2,91%
Average after PMN	66.846.933	24.577.942	42.268.991	790.125	53,33%	315,19%	34,32%	1,54%

Source: Prepared from LKPP 2013-2016

In 2014 to 2017, the company gave PMN to several SOEs. At the end of the year, after PMN was given, there were changes in the capital structure as well as in profitability. The data processing results of the capital structure and profitability can be seen in table 2 and table 3.

After the government's increase in capital, the average debt ratio became 53.3% and the average debt to equity ratio to 315.19%. There is a significant change, the debt ratio has previously been 73.1% to 53.3%. It is winning that the addition of capital inclusion has helped to improve the capital structure. This happened with the average decline in the debt ratio of almost 15%, which means that there is a change in asset financing SOEs.

Significant changes are also found in debt to equity ratios that have changed from 382.51% to 315.19%. It is very natural that reflects over 4 years the government has added its capital, which resulted in a comparison of debt to equity reduced by almost 70%. This decline is very good because it will reduce the risk of the company and the cost of capital.

From the side of the capital structure can be seen that additional government capital has actually helped and improved the capital structure SOEs. Based on table 3, there are 37 SOEs that are debt ratio down which signifies the additional effective government capital in improving its capital structure. Instead of 12 SOEs, debt ratios instead rise but are not too large. This is due to the increase of the debt greater than the amount of government investment minus the loss of business. As for the debt to equity ratio, 71% of SOEs who get PMN have dropped ratios or amounted to 35 companies. This positive change is in line with the opinion of Titman, Keown, & Martin (2018) stating that the proper use of financial resources will be able to improve the capital structure which will eventually increase the shareholder's wealth. Seen from the accounting side, the addition of government capital will raise both the asset and equity, so it will improve debt to equity ratio and debt ratio. With the reduced proportion of debt in the capital structure, the risk and cost of capital will decrease.

Based on table 2 can also be seen that the average ROE rise is very significant, from 7.32% to 34.32%. This indicates that the addition of government capital in addition to having a healthy capital structure has also given an additional capacity of the business to make a profit. However, on table 3 It was apparently only 16 SOEs that the ROE increased. That is, the level of profit increase is still under the increase in Equity. From 16 SOEs, it can be seen that PT Pertani has a significant increase and vice versa PT Djakarta Loyd suffered a significant decline. While the rest of SOEs tends to have a relatively significant increase and decline. This increase in the ROE confirms the findings of Kelbulan, Izak; Kurniawan (2013) and Natanegara (2014) which stated the capital participation of government to have a positive influence on company performance. Then, this result is also a net with the results of Nasimi, (2016), Kumari (2015), Negasa (2016), Sultan & Adam (2015) and Nimalathasan & Brabete (2010) which states that the capital structure will positively impact the return on equity.

From the ROA side, it can be seen in table 2 and table 3, there is a small decline of ROA average from 2.91% to 1.54%. This indicates that the company's average is still not effective in using additional government capital. 20 SOEs had an increase in ROA and the remainder suffered a small amount of ROA decline. The decline in ROA after the change of capital structure due to the addition of this investment in line with the research Nasimi (2016) which stated the capital structure has a significant positive influence on the ROE, but negative in ROA. This is in line with the study of Nimalathasan & Brabete (2010) which stated the capital structure in this case debt

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to equity ratio has a positive influence on the ROE but not against ROA. Nasimi (2016) stated the cause of this is because the company has not been able to use and allocate the resources received from the investment proceeds efficiently and effectively.

In terms of profitability, it can be concluded that on average, the ROE value has increased significantly, but from the ROA side, there is a very small decline. The significant increase and decrease in ROE are also due to the deficit balance before the addition of PMN and still, some SOEs suffered losses in the year given PMN. In terms of the number of companies, although ROA and ROE are inversely proportional, there are only 8 companies that suffer losses after an additional government capital of 2014-2017.

Table 3
Change of Financial Ratio

No	Name of Company	Change of Debt Ratio	Change of Debt to Equity	Change of ROE	Change of ROA	No	Name of Company	Change of Debt Ratio	Change of Debt to Equity	Change of ROE	Change of ROA
1	PT SMF	-4,26%	-27,43%	-0,81%	-0,12%	26	PT Djakarta Lloyd (Persero)	-53,46%	-1726,52%	-1112,60%	-57,23%
2	PT Adhi Karya (Persero) Tbk	-14,05%	-272,43%	-9,64%	-0,35%	27	PT Perkebunan Nusantara III (Pers	-12,62%	-86,85%	-5,18%	-1,84%
3	PT Aneka Tambang (Persero) Tbk	-6,22%	-19,05%	-1,37%	-1,23%	28	PT. SARANA MULTIGRIYA FINANSI	-10,23%	-47,47%	0,38%	0,64%
4	PT Angkasa Pura II (Persero)	6,11%	8,85%	2,07%	1,15%	29	PT SARANA MULTI INFRASTRUKTU	-25,50%	-62,79%	-3,91%	-1,74%
5	PT ASDP Indonesia Ferry (Persero)	-5,32%	-6,64%	-1,13%	-0,74%	30	PT PENJAMINAN INFRASTRUKTUR	0,01%	0,01%	-1,69%	-1,67%
6	PT Bahana Pembinaan Usaha Indonesi	-13,45%	-389,80%	-13,48%	-0,11%	31	PT GEO DIPA ENERGI	-9,89%	-26,41%	2,83%	1,78%
7	PT Dirgantara Indonesia (Persero)	-2,69%	-17,98%	5,52%	2,09%	32	PT Rajawali Nusantara Indonesia	-30,93%	-358,77%	-0,86%	1,34%
8	PT Dok dan Perkapalan Kodja Bahari (P	-91,56%	-97,65%	-8,65%	13,24%	33	PT Perikanan Nusantara (Persero)	0,11%	0,17%	-3,88%	-3,12%
9	PT Dok dan Perkapalan Surabaya (Pers	-86,01%	-167,31%	-4,12%	20,68%	34	PT Pertani (Persero)	-30,68%	-10885,19%	1110,58%	10,14%
10	PT Garam (Persero)	-26,84%	-62,82%	-6,10%	-3,07%	35	PT Perusahaan Listrik Negara (Per	0,02%	0,05%	-0,91%	-0,63%
11	PT Hutama Karya (Persero)	-26,07%	-370,09%	-9,75%	-0,37%	36	PT Krakatau Steel (Persero) Tbk	1,57%	6,96%	13,64%	6,66%
12	PT Industri Kapal Indonesia (Persero)	-18,79%	-111,94%	-3,12%	-0,45%	37	PT Barata Indonesia (Persero)	-21,28%	-189,78%	-2,90%	-0,50%
13	PT Kereta Api Indonesia (Persero)	-4,09%	-27,62%	-1,10%	0,23%	38	PT Amarta Karya (Persero)	3,35%	33,55%	-89,99%	-27,31%
14	PT PAL Indonesia (Persero)	-26,01%	1586,67%	-15,56%	-3,11%	39	PT Jasa Marga (Persero) Tbk	3,14%	30,52%	-0,36%	-0,44%
15	PT Pelabuhan Indonesia IV (Persero)	-1,81%	-3,42%	-8,93%	-6,29%	40	PT Wijaya Karya (Persero) Tbk	-12,45%	-111,67%	-3,90%	0,04%
16	PT Pelayaran Nasional Indonesia (Perse	-2,62%	-4,28%	1,78%	1,42%	41	PT Pembangunan Perumahan (Pe	-7,81%	-84,38%	-4,69%	-0,33%
17	PT Pengembangan Pariwisata Indonesi	-2,56%	-3,18%	0,67%	0,78%	42	PT Industri Kereta Api (Persero)	-26,74%	-411,88%	-4,96%	-0,03%
18	PT Perikanan Nusantara (Persero)	-24,33%	-53,93%	-5,87%	-2,11%	43	PT Angkasa Pura II (Persero)	8,90%	15,61%	-0,87%	-1,54%
19	PT Permodalan Nasional Madani (Perse	-16,07%	-439,55%	-5,52%	-0,09%	44	PT Asuransi Kredit Indonesia (Per	3,50%	10,30%	-2,25%	-1,72%
20	PT Pertani (Persero)	-38,66%	11468,70%	1500,87%	29,89%	45	PT Pelayaran Nasional Indonesia (	-8,44%	-12,06%	1,83%	1,79%
21	PT Perusahaan Listrik Negara (Persero)	-37,27%	-211,67%	-5,26%	-0,74%	46	PT SMI	8,19%	15,14%	2,83%	1,87%
22	PT Perusahaan Pengelola Aset (Persero	0,02%	0,07%	0,28%	0,15%	47	PT PENJAMINAN INFRASTRUKTUR	-0,15%	-0,15%	1,42%	1,42%
23	PT Pindad (Persero)	-3,05%	-34,56%	-6,14%	-1,72%	48	PT Kereta Api Indonesia (Persero)	-0,41%	-2,73%	0,79%	0,35%
24	PT Waskita Karya (Persero) Tbk	-9,30%	-127,92%	-6,80%	-0,54%	49	PT Djakarta Lloyd (Persero)	3,19%	13,45%	0,89%	0,16%
25	PT Sang Hyang Seri (Persero)	-71,41%	-32,75%	28,35%	-44,34%						

4. CONCLUSION

Based on the above discussion, it can be concluded that directly the increase of government capital has improved the capital structure of most SOEs. It can be said that one of the objectives of PMN in Government Regulation No. 44 the year 2015 in fixing the capital structure has been reached.

In addition, to increase the capacity of the business in generating a profit on average the amount of net income can be said to be achieved. This is evidenced by an average net income increase of 22.6%. When viewed from the return on equity, there can also be a significant improvement that indicates that the administration of PMN has managed to increase the capacity of the business in generating income. However, when viewed from the return on asset, it can be said that PMN administration has not been used effectively and efficiently by SOEs in generating revenues. It is evidenced by the decline of ROA.

This research is acknowledged to have limitations, such as this research only uses financial report data before the addition of investment and financial statements in the year given the investment. Hopefully, subsequent studies can add years after additional investments in consideration of long-term investments that results are obtained after the year the PMN has been given. The next limitation is, this study did not use regression analysis to see if it was true there was a significant influence between the capital structure with performance. The author uses only financial statements to see the movements and changes of PMN on SOEs ' equity, debt and asset values.

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