

IMPACT OF POSPAY SERVICE TO COMPANY PERFORMANCE PT POS INDONESIA (PERSERO)

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Abstract-In its historical development, postal industry can be said as courier industry delivering any written message from the sender to the receiver, As time goes by the postal service provider of either government or public all over the world should be in the possession of business model capable of supporting the sustainability. PT. Pos Indonesia engaged in postal service and already does diversification in service with applying the payment of PosPay, the growth of PosPay segment products (SOPP) offered by Pos Indonesia is supported by the growing level of two industries that become the main stimulants for the product segment, subscription-based industry (credit card) and financing industry (leasing and consumer financing). For the overall financing service product owned by Pos Indonesia, the superiority lies in the well-established networks around Indonesia. The analysis used in this case is financial performance. There are several methods than can be considered to assess the financial performance of company. The methods are Financial Statement and Financial Ratio Analysis, Common Size Income Statements Analysis, DuPont Analysis and BUMN Framework. From each methods, there will be results that explain how growth financial PT. Pos Indonesia every year. PT Pos Indonesia (Persero) has experienced loss it is because fewer people are using the service at the post office because of the development of the Information Technology advances in the field of digital information. So the conventional information services performed by the post office down quickly. The post office remains operational costs for payroll, utilities, raw materials and transportation still running. Based on these facts, PT Pos Indonesia (Persero) adjusts the service to start embracing information technology to be one of their services. Ultimately PT Pos Indonesia (Persero) started launching financial products involving information technology called PosPay. Some of the results obtained from the analysis show that the service PosPay indeed a major impact on the performance of PT Pos Indonesia (Persero). But on the other hand there are several shortage from this product such as the need of infrastructure and human resource which create the swell of operating cost, also this product still not able to change the liquidity and debt aspect to good condition.

Keywords: Postal Service, PosPay, Financial Performance, Pos Indonesia, Post Office

Introduction

In its historical development, postal industry can be said as courier industry delivering any written message from the sender to the receiver; its product is known as a letter/mail. In the beginning, mail industry was strategically prominent to the societies and government, because the communication technology had not improved as today. Universal Service Obligation (USO) of government or public postal service becomes less sustainable and therefore income cannot be fully relied on the conventional mail services. By coming face to face with these obstacles, the postal service provider of either government or public all over the world should be in the possession of business model capable of supporting the sustainability.

In general, the steps need to be taken by either government or public postal service around the globe can be made through product diversification, price adjustment, changes in policy, and increasing productivity. This has now become the major challenges for PT. Pos Indonesia (Persero) to expand its courier business. Changing times and technological developments surely affect the rise

and fall of the postal industry in the country. The postal service characterized by the delivery of mail communication among residents is completely substituted by sms and e-mail services. Similarly, today's modern logistics business is growing rapidly together with the information and communication technology. This makes PT. Pos Indonesia is left behind in its goods delivery service, just as what the world postal industries experience. There has been a decline in the volume of postal industry worldwide, especially in mail service.

This paper uses methods trends analysis, based on the facts that already explained, the author establishes some objectives of this project, which is to analyze the financial performance of PT. Pos Indonesia (Persero) that impact of service PosPay of Company Performance PT. Pos Indonesia . Other objective in this research is to determine financial healthiness of PT. Pos Indonesia (Persero) based on Regulation of State-Owned created by Ministerial Decree BUMN Indonesia.

The author needs the limitation of the project's problems so the project can be more focused on the main problem. This final project is limited based on the annual report of PT. Pos Indonesia (Persero) in 5 years period before the PosPay was established (2003-2007) and period after established (2007-2012) for the year ended at December for each year.

Literature Review

Financial Statements Analysis the process of reviewing and evaluating a company's financial statements (such as the balance sheet or profit and loss statement), thereby gaining an understanding of the financial health of the company and enabling more effective decision making.

Methods Income Statement is one of the financial statements of a company and shows the company's revenues and expenses during a particular period. It indicates how the revenues (money received from the sale of products and services before expenses are taken out, also known as the "top line") are transformed into the net income (the result after all revenues and expenses have been accounted for, also known as "net profit" or the "bottom line").

Balance Sheet methods is looking from the assets, liabilities and equity of a company at a specific point in time and is used to calculate the net worth of a business. A basic tenet of double-entry book keeping is that total assets (what a business owns) must equal liabilities plus equity (how the assets are financed).

Statement of Cash Flow is a financial report that describes the sources of a company's cash and how that cash was spent over a specified time period. This makes it useful for determining the short-term viability of a company, particularly its ability to pay bills.

Common Size Statement Analysis a useful tool for evaluating profitability in relation to sales is the common-size income statement. Common-size income statements are especially useful in comparing performance across years because it is easy to see certain categories of expenses are trending up or down as a percentage of the total volume of business that the company transacts. Financial Ratios is determined from a company's financial information and used for comparison purposes. Financial ratios can provide small business owners and managers with a valuable tool with which to measure their progress against predetermined internal goals, a certain competitor, or the overall industry. Compound Annual Growth Rate (CAGR) is often used to calculate this analysis. To assess the growth rate each year. The compound annual growth rate (CAGR) is a useful measure of growth over multiple time periods. It can be thought of as the growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding over the time period.

The formula for CAGR is:

$$CAGR = \left[\frac{\text{Ending Value}}{\text{Beginning Value}} \right]^{\left(\frac{1}{\text{Number of Years}} \right)} - 1$$

...(Eq. 1)

Where:

EV = Investment's ending value?

BV = Investment's beginning value?

n = Number of periods (months, years, etc.)

The DuPont system of analysis is used to dissect the firm's financial statements and to assess its financial condition. The DuPont system first brings together the net profit margin, which measures the firm's profitability on sales, with its total asset turnover, which indicates how efficiently the company has used its assets to generate sales.

$$ROA = \text{Net Profit Margin} \times \text{Total Asset Turnover}$$

$$ROE = \text{Profit Margin} \times \text{Total Asset Turnover} \times \text{Equity Multiplier}$$

The advantage of the DuPont system is that it allows the firm to break its return on equity into a profit-on-sales component (net profit margin), an efficiency-of-asset-use component (total asset turnover), and a use-of-financial leverage component (financial leverage multiplier). The total return to owners therefore can be analyzed in these important dimensions.

And for the last, the author uses methodologically BUMN Framework because PT. Pos Indonesia (Persero) as one of state-owned enterprises engaged in services, PT. Pos Indonesia (Ltd) held post service for people inside and outside Indonesia, as well as optimizing the use of its resources to produce goods and/or services of high quality and competitive benefit in order to enhance shareholder values by applying the principles of Limited Liability Company.

This is in line with the Government Regulation NO. 12 of 1998 article 4 paragraph (1) on Limited Liability Company (Ltd), which stated that the intent and purpose of establishing a limited company is to provide goods or services of high quality and strong competitive both in domestically and international market. Even at the time the company carries out special assignments to hold public benefit functions, it should consider the intent and purposes mentioned in paragraph (1).

The regulation letter about performance assessment for state-owned company is BUMN No KEP-100/MBU/2002. Using this regulation, PT. Pos Indonesia (Persero) will be scored. This scoring classified the financial performance of the company into three categories, which are healthy companies, less healthy companies and not healthy companies.

Classification of BUMN Framework

HEALTHY		LESS HEALTHY		NOT HEALTHY	
AAA	TS>95	BBB	50<TS<=65	CCC	20<TS<=30
AA	80<TS<=95	BB	40<TS<=50	CC	10<TS<=20
A	65<TS<=80	B	30<TS<=40	C	TS<=10

These State-Owned Companies' healthiness levels are based on the assessment of companies' performance for the following financial year, which includes appraisal on financial aspects, operational aspects and administration aspects. The BUMN framework for the non-financial service companies is differentiated in two categories, which are BUMN Infrastructure and BUMN Non-Infrastructure. BUMN Infrastructure is state-owned companies that provide goods and services for public's interest. So, in this case, PT. Pos Indonesia (Persero) is classified as BUMN Non Infrastructure.

Frameworks for Non Infrastructure Company Financial Indicator

No	Indicator	Score
1	Return on Equity (ROE)	20
2	Return on Investment (ROI)	15
3	Cash Ratio	5
4	Current Ratio	5
5	Average Collection Periods	5
6	Inventory Turnover	5
7	Total Asset Turnover	5
8	Total Equity/Total Assets	10
	Total Score	70

Methodology

In this research, the methodology will help the author as a guideline on determining the performance especially the profitability of the company. The author uses three methodologies in doing this research. The three methodologies are Financial Statement Analysis and Financial Ratios based on "Principles of Managerial Finance" by Lawrence J. Gitman, Common Size Income Statements Analysis, DuPont System of Analysis and BUMN Framework.



Data Collection Analysis

The author explain about the company performance of PT Pos Indonesia (Persero) with several methods, which are time-series consists of Financial Ratio, CAGR Comparison, Common Size Financial Statement, DuPont System of Analysis and BUMN Framework. In overall financial review it can conclude that the financial performance has been affected by several condition from year 2003 to 2012.

With trend analysis the author can determine company's financial trend condition year-by-year by using trend analysis method. And is a useful and necessary tool in determining whether the borrower's financial strength is improving or deteriorating. Key ratios examined include debt coverage ratio, turnover ratio (conversion of inventory and receivables to cash), and the quick assets ratio or quick ratio (current assets divided by current liabilities).

Here, the author will assess PT. Pos Indonesia compare before and after presence PosPay using ratio analysis based on their financial reports from the year 2003 until 2012. In this trend analysis which using financial ratios is to see how companies grew over time. Trend analysis helps to understand overall financial performance over a period of time.

Table 4.1: PT Pos Indonesia (Persero) Financial Ratio 2003-2012

Categorie	Financi al Ratios	201 2	201 1	201 0	20 09	2008	2007	2006	2005	2004	2003
Liquidity	Current Ratio	1.06	1.00	0.93	1.00	0.98	0.99	1.00	1.02	1.06	1.03
	Quick Ratio	0.97	0.91	0.89	0.85	0.90	0.91	0.94	0.95	0.97	0.89
Activity	Total Asset Turnover	0.73	0.72	0.58	0.56	0.34	0.36	0.50	0.51	0.52	0.44
	Inventory Turnover	10.10	9.85	16.80	5.97	10.98	9.39	21.36	10.29	12.03	5.57
	Average Collection Period (days)	38.43	42.58	48.82	53.87	78.40	100.59	76.74	83.79	80.10	81.55
Debt	Debt to Equity	89.691%	847.10%	94.240%	127.447%	1858.58%	1018.27%	682.63%	612.70%	490.44%	500.81%
	Long-term Debt to Capital	8.79%	7.57%	6.13%	6.27%	8.11%	6.02%	8.51%	8.86%	6.13%	4.54%

	Debt Ratio	83.30 %	85.85 %	90.10 %	90.62 %	95.30 %	91.91 %	90.20 %	87.81 %	75.55 %	72.38 %
Profitability	Operating Profit Margin	6.16 %	5.04 %	1.26 %	2.33 %	(2.82 %)	(1.90 %)	(5.64 %)	(6.25 %)	(1.03 %)	(5.79 %)
	Net Profit Margin	4.99 %	4.82 %	1.76 %	3.57 %	(2.62 %)	0.15 %	(7.43 %)	(4.10 %)	0.09 %	(1.86 %)
	Return on Assets	3.63 %	3.46 %	1.02 %	1.98 %	(0.88 %)	0.05 %	(3.69 %)	(2.10 %)	0.05 %	(0.82 %)
	Return on Equity	22.63 %	25.73 %	10.88 %	20.63 %	(17.17 %)	0.61 %	(34.27 %)	(15.65 %)	0.18 %	(3.42 %)

Based on the common size analysis of PT Pos Indonesia (Persero), Total operating expense has the highest proportion value of net revenue, among other account in income statement because it contain operating cost and salary for the employees around the country

CAGR of Net Income Analysis

In this analysis, the author wants to analyze the net income of PT Pos Indonesia (Persero) and to find the position of the company between before period and after period establish PosPay.

CAGR of Net Income Analysis Result

Pos Indonesia (Persero)	CAGR (2007-2012)	CAGR (2003-2007)
Net Revenue	15%	11%
Total Operating Expense	13%	11%
Operating Income/Profit	30%	0.5%
Other Income/(Expense)	-5%	-3%
Profit Before Income Tax	54%	9%
Income (Expense) Tax	8%	63%
Net Income	132%	-41%

DuPont Analysis

DuPont system analysis enables the author to analyze the current condition of the financial aspects of the company. In this research the author wants to use DuPont Analysis as a tool to compare current financial condition. There will be two analyses in DuPont System; they are ROA Analysis and ROE Analysis.

First, ROA will be analyzed to the correlation between operating efficiency (net profit margin) by calculating net profit divided by sales, and asset utilization (total asset turnover) by dividing sales to total assets

ROA DuPont Analysis

ROA Analysis			
Pos Indonesia (Persero)	Net Profit/Sales	Sales/Total Assets	ROA
2003	0.019	0.4404	0.82%
2004	0.001	0.5181	0.05%
2005	-0.079	0.5131	-4.04%
2006	0.001	0.4968	0.06%
2007	0.003	0.3585	0.09%
2008	-0.026	0.3361	-0.87%
2009	0.035	0.5551	1.93%
2010	0.036	0.5808	2.08%
2011	0.048	0.7168	3.46%
2012	0.053	0.7290	3.85%

The second step after we calculate ROA is ROE analysis. The difference between ROA and ROE, both of them consider net profit margin and total asset turnover, but only ROE analysis that considers financial multiplier (FLM).

ROE DuPont Analysis

ROE Analysis				
Pos Indonesia (Persero)	Net Profit/Sales	Sales/Total Assets	Total Asset/Total Equity	ROE
2003	0.019	0.440350924	4.168	3.42%
2004	0.001	0.518145266	3.903	0.18%
2005	-0.079	0.513052865	7.433	-30.01%
2006	0.001	0.496810557	9.286	0.58%
2007	0.003	0.358536315	11.459	1.06%
2008	-0.026	0.336066285	19.503	-16.94%
2009	0.035	0.555071749	10.413	25.73%
2010	0.036	0.580760903	10.617	10.87%
2011	0.048	0.716799146	7.441	25.73%
2012	0.053	0.728976484	5.988	22.63%

ROE value depends on profitability, total asset turnover and leverage. ROE value is directly proportional with both there, element that mentioned. If mean that the higher profitability, total asset turnover, or leverage, the higher also the value of ROE

BUMN Framework Result

This final project wants to compare PT Pos Indonesia (Persero) 5 years period before the PosPay was established and 5 years period after established. In this project author wants to know how the assessment score based on BUMN Framework.

2003-2007 Period (Before Pospay was Established)

Indicator	Pos Indonesia (Persero)	
	Value	Score
ROE	-10.51%	0
ROI	-8.61%	1
Cash Ratio	74.79%	5
Current Ratio	102.00%	3
Average Collection Period	84.55 days	4.5
Inventory Turnover	11.73 days	2.4
Total Asset Turnover	46.60%	2.5
Total Equity/Total Assets	724.98%	6.5
RESULT	B	24.9
RANK	LESS HEALTHY	

2008-2012 Period (After PosPay was Established)

Indicator	Pos Indonesia (Persero)	
	Value	Score
ROE	10.55%	14
ROI	62.50%	15
Cash Ratio	80.65%	5
Current Ratio	99.33%	2
Average Collection Period	60.43 days	4.5
Inventory Turnover	10.52 days	2.4
Total Asset Turnover	54.83%	2.5
Total Equity/Total Assets	1090.35%	6.5
RESULT	A	51.9
RANK	HEALTHY	

Conclusion and Analysis

Based on this research, the researcher will give review about the company performance of PT Pos Indonesia (Persero) with several methods, which are time-series consists of Financial Ratio, CAGR Comparison, Common Size Financial Statement, DuPont System of Analysis and BUMN Framework. In overall financial review it can conclude that the financial performance has been affected by several condition from year 2003 to 2012.

In 2008 began to launch financial products involving information technology called PosPay. Some of the results obtained from the analysis known that the PosPay service indeed a major impact on the performance of PT Pos Indonesia (Persero). From financial ratio analysis of PT Pos Indonesia

(Persero) we can see the impact from activity and profitability aspect start showing positive trend. Also from CAGR of Net Income Analysis with increased of net income above 100% showed a better performance. But on the other hand there are several shortage from this product such as the need of infrastructure and human resource which create the swell of operating cost, also this product still not able to change the liquidity and debt aspect to good condition, so it still will be hard to get investment from outside government money.

From the analysis of BUMN Framework we can see growth in almost all its elements. Increase the company's health ranking of B (Less Healthy) to A (Healthy) with the greatest growth are the ROE of 21.06% and an ROI of 91.11%, indicating PT Pos Indonesia (Persero) is able to leverage its assets for its performance improvement. But from all analysis that already done PT Pos Indonesia (Persero) showed that they were a one of state-own company that moved to healthier company.

Furthermore, the researcher has quoted several discussions as consideration for the advice and inputs for PT Pos Indonesia (Persero) managements.

The discussion will be generate as:

1. Doing business differentiation, which can use the advantages of the post office network that has been spread all over the country.
2. Changing the paradigm of public who think the post office is only doing conventional services into one-stop services for everything so that the public knowledge of post office services rise up and will generate massive sales for post office.
3. Strict controls in financial management so that operating costs can be optimally utilized and directed.