Restructuring The Company's Financial Performance Through Corporate Actions of Construction Sector BUMN Companies In 2017-2023

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Abstract. *This study aims to analyse the effect of financial performance of BUMN Construction on firm value before and after merging. This study uses moderating variables, namely mergers as a restructuring step with the aim of knowing whether mergers have an impact on strengthening or weakening the effect of financial performance on firm value. This research uses quantitative methods with a sample of 7 BUMN companies in the construction sector. Data analysis techniques using Eviews12 with panel data regression and MRA testing. The results show that financial performance 1) ROA has a positive but insignificant effect on firm value, 2) CR has a positive and significant effect on firm value, 3) DER has a negative and insignificant effect on firm value, 4) TATO has a positive and significant effect on firm value, 5) Company Size has a positive and significant effect on firm value, 6) Merger is able to moderate the effect of ROA on firm value, 7) Merger is able to moderate the effect of CR on firm value, 8) Merger is not able to moderate the effect of DER on firm value, 9) Merger is able to moderate the effect of TATO on firm value, 10) Merger is able to moderate the effect of Company Size on firm value. The conclusion in this study is that the overall impact of the Merger is able to strengthen financial performance on firm value.*

Keywords: Firm Value, Restructuring, Financial Performance, Corporation,

1. INTRODUCTION

The infrastructure sector has become a top priority over the past 10 years for the Indonesian government as the basis for driving economic activity, where infrastructure development often involves BUMN construction sector (BUMN Karya) as the contractor of the project. The phenomenon that has occurred in the average BUMN Construction company in recent years tends to experience a decline in financial performance characterised by profits and liquidity of companies that tend to experience a decline. This condition was exacerbated by the co-19 pandemic which had an impact on infrastructure development which caused many projects to be forced to stop, these conditions made several companies experience losses such as those experienced by PT Waskita Karya and PT Wika Karya. The condition of the prolonged decline in financial performance in state-owned construction companies has caused a decrease in company value, this can be seen by the decline in stock prices from time to time. The decline in stock prices indicates that the number of shares issued by construction SOE companies in the stock exchange is not enough to attract investor interest, causing a decline in stock prices. The decline in financial performance is one of the factors coupled with the high level of corporate debt that makes investors cautious about investing in construction SOE issuers.

In the span of the last 10 years, BUMN companies in the construction sector have continued to experience a significant increase in debt, making them the spotlight of various

parties. The following is a comparison of the level of BUMN debt in the construction sector in 2017-2023.

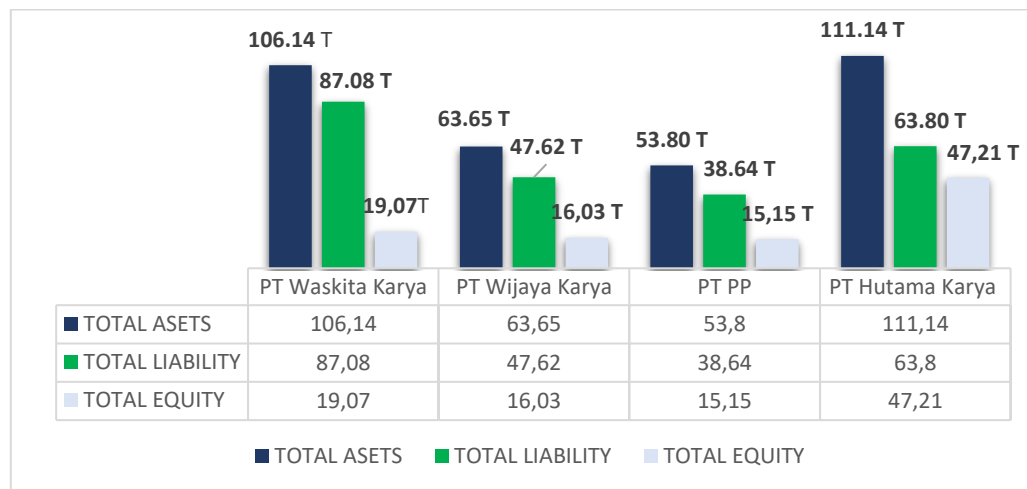|	PT Waskita Karya	PT Wijaya Karya	PT PP	PT Hutama Karya
TOTAL ASETS	106,14	63,65	53,8	111,14
TOTAL LIABILITY	87,08	47,62	38,64	63,8
TOTAL EQUITY	19,07	16,03	15,15	47,21

Figure 1. Average Asset, Debt, and Capital Levels of State-Owned Construction Companies 2017-2023 (data processed, 2024)

It can be concluded based on Figure 1. that the average construction SOE has a large level of debt. Overall there are 4 issuers that have a large level of debt compared to other construction SOEs, namely PT Waskita Karya, PT Wijaya Karya, PT Pembangunan Perumahan and PT Hutama Karya. A large proportion of debt can affect the financial performance of a company, a high level of debt can negatively affect profitability and firm value. A capital structure that is not ideal and a high level of debt can burden the health of the company so that the use of both must be balanced at a reasonable level according to (Andriyani,2024). According to Sutama (2018) high debt can result in decreased company health characterized by decreased profitability, the possibility of failing to pay off debt due to high bank loan interest rates can be a threat.

Responding to the poor health condition of the financial performance of BUMN construction makes the continuity of the company worrying for parties with an interest in the company. If this continues to be allowed to result in construction BUMN companies being threatened with bankruptcy, this will certainly harm various parties The company's restructuring steps are being pursued by the BUMN, one of which is a merger plan for construction BUMN. According to Erik Tohir (2024), the restructuring of BUMN in the construction sector is needed as a measure of restructuring and efficiency of company performance, Mergers are considered as a way of restructuring the company. Given that the construction SOE restructuring measures previously taken by SOEs such as compensation from creditors to extend debt maturity to reduce loan interest have not been able to solve the problem and are considered ineffective to date, merger steps can be considered.

Related to the phenomenon that state-owned companies are facing the problem of decreasing the company's financial performance, marked by large debts, decreasing liquidity to loss-making companies such as those experienced by PT Waskita Karya and PT Wijaya Karya. The author in this study wants to test indicators that affect the health of a company assessed by the value of the company with the book value valuation method with influencing company performance factors such as profitability, leverage, liquidity, activity ratio and company size. Responding to the BUMN plan that wants to improve the condition of construction companies through merger actions, with this phenomenon the researcher wants to make mergers a moderating variable of research. This study aims to analyse the effect of BUMN Construction's financial performance on firm value before and after conducting mergers to find out the effect of mergers on strengthening or weakening the effect of financial performance on firm value. From these phenomena and problems, the title of this research is **"Restructuring the Company's Financial Performance Through Corporate Action of BUMN Construction Sector in 2017-2023".**

2. METHOD

Research Design

This research design is in the form of *Explanatory Research* using a quantitative approach by explaining the position and influence between variables to be used in research using statistical data to find out the results of problem formulation (Sugiyono, 2017) .

Research data types and sources

The source in this study is secondary data. Secondary data in research is a type of data obtained by researchers indirectly through the company's financial statements published (Rashid, 2022) .

The type of data in this study is panel data, which is a type of data that combines time series and cross section data, which is useful for observing changes between individuals or observation units and also between times.

Research Sample

The data sample in this study is construction SOEs by taking samples based on the criteria for construction SOEs that will carry out mergers. The sample obtained is 7 construction companies that will be merged by the BUMN itself.

Table 1. Company Sample

No	Name Company	The Rearch Period
1.	PT. Waskita Karya Persero T.bk	2017-2023
2.	PT. Wijaya Karya Persero T,bk	2017-2023
3.	PT. Adhi Karya Persero T.bk	2017-2023
4.	PT. Pembangunan Perumahan Persero T.bk	2017-2023
5.	PT. Hutama Karya Persero T.bk	2017-2023
6.	PT. Ninda Karya Persero T.bk	2017-2023
7.	PT. Brantas Abipraya Persero T.bk	2017-2023

Source: data analyzed (2025)

Variabel Definitions

No	Variabel Penelitian	Indicator	Pengukuran	Scale
1	Company value in this study is measured using the valuation method based on book value, in general this method is calculated to see the net worth of shareholders (Chynthiawati & Jonnardi, 2022)	BVPS	$BVPS : \dfrac{Total\ Asets - Total\ liabilities}{total\ shares\ outstanding}$	Skale
2	*Return on Assets* compares the company's ability to maximise its asset holdings to generate profit (Tantra et al., 2022).	ROA	$ROA : \dfrac{Net\ Profit}{Total\ Asets} \times 100\%$	%
3	*Curent Ratio* is a ratio that compares the company's liquidity over time, the goal is to measure the company's ability to pay off debts with assets that are easily liquidated (hasti and styorini, 2023).	CR	$CR : \dfrac{Current\ Asset}{Current\ Liabilities} \times 100\ \%$	%
4	Debt equity ratio is a ratio to assess the financial performance of a company with an indicator of the comparison between debt and capital owned by the company (Badollah, 2024).	DER	$DER : \dfrac{Total\ liabilities}{Total\ Equity} \times 100\%$	%
5	*Total Asset Turnover* is a ratio that measures how effectively the company generates income from asset ownership (Khasanah & Susilo, 2024)	TATO	$TATO : \dfrac{Net\ Revenue}{Total\ Asets} \times 100\%$	%
6	Company size is a scale that can be used to measure a company can be seen from several factors such as total assets (Bringham and hauston, 2011).	SIZE	**Company Size = Log (Total Assets)**	Skale

| 7 | Based on PSAK No 22, merger is the activity of combining businesses by taking over the company so that the merged company will be dissolved. | MGR | **Merger : PA+PB+PC+......= PA** Description: PA = Company Assets A PB = Company Assets B PC = Company Assets C PA= Company A's assets after the merger | Skale |

Source: data analyzed (2025)

Data Analysis Technique

The data analysis technique uses statistical data processing using Eviews Version 12. Data analysis with panel data regression analysis models and *Moderate Regression Analysis* (MRA) testing. The use of panel data was chosen because the characteristics of the data allow it to be done with this method, and the advantage of using Eviews is that it provides a variety of approaches, namely FEM, CEM, and REM by conducting the model selection stages of the chow test, Hausman test, Lagrange Multiplier test. The conclusion of the model selection test is that the *Fixed Effect Model* (FEM) model is selected, so the hypothesis testing stage will use the FEM model.

3.   RESULTS AND DISCUSSION

Panel Data Regression Hypothesis Testing Results

Table 2. Data Regression

Dependent Variable: LOG_Y
Method: Panel Least Squares
Sample: 2017 2023
Periods included: 7
Cross-sections included: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-73.06035	36.68131	-1.991760	0.0547
LOG_ROA	0.530956	0.291175	1.823498	0.0773
LOG_CR	1.471543	0.531085	2.770823	0.0091
LOG_DER	-0.980261	1.293610	-0.757771	0.4540
LOG_TATO	1.048991	0.426761	2.458030	0.0194
LOG_SIZE	0.620213	0.163445	3.794636	0.0006
LOG_MERGER	1.479477	0.911192	1.623671	0.1140

Source: Eviews 12 (data processed, 2025)

T test results (Partial

Based on table 3 partial test results, it can be concluded that the results of hypothesis testing are as follows:

1. *Return on assets* (ROA) in the regression test above has a *coefficient* value of 0.530956 and a probability t-statistic of 0.077 greater than 0.05, so from these results it can be concluded that profitability has a positive but insignificant effect on firm value projected

by *Book value Pershare.*

2. *The Curent ratio* (CR) variable in the regression above has a Coefficient value of 1.471543 with a statistical probability value of 0.0091 smaller than 0.05, then the conclusion obtained from these results is that the *curent ratio* has a positive and significant effect on firm value projected by *Book value Pershare.*

3. *The Debt equity ratio* (DER) variable in the regression above has a Coefficient value of -0.980261 with a statistical probability value of 0.4540 greater than 0.05, so the conclusion obtained from these results is that DER has a negative but insignificant effect on firm value projected by *Book value Pershare.*

4. *The Total Asset Turnover* (TATO) variable in the regression above has a Coefficient value of 1.048991 with a statistical probability value of 0.0194 smaller than 0.05, so the conclusion obtained from these results is that TATO has a positive and significant effect on firm value projected by *Book value Pershare.*

5. The Company Size variable (size) in the regression above has a Coefficient value of 0.620213 with a statistical probability value of 0.0006 smaller than 0.05, so the conclusion obtained from these results is that company size has a positive and significant effect on firm value projected by *Book value Pershare.*

Table 3. Simultaneous Test Results and Coefficient of Determination R^2

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	0.583098	R-squared	0.620187
Mean dependent var	2.190870	Adjusted R-squared	0.482074
S.D. dependent var	0.956598	S.E. of regression	0.688436
Akaike info criterion	2.324294	Sum squared resid	15.64014
Schwarz criterion	2.841084	Log likelihood	-40.45876
Hannan-Quinn criter.	2.517887	F-statistic	4.490410
Durbin-Watson stat	2.307704	Prob(F-statistic)	0.000295

Source: Eviews 12 (data processed, 2025)

F test results (Simultaneous)

In table 3 the results of the Probability F-Statistic show results of 0.000295 smaller than 0.05, meaning that the variables *Return on Assets, Curent Ratio, Debt equity Ratio, Total Asset Turnover* and Company Size simultaneously affect the Company's Value.

Determination Coefficient test results R^2

Based on the results of the Adjusted R^2 test coefficient of determination test in table 4, it can be concluded that the Adjust R-squared test result is 0.4820 or in a percentage of 48.20%.

These results mean that the ability of the independent variables to describe the dependent variable is 48.20% and the remaining 51.80% is influenced by other variables outside this study.

Regression Results Moderate regression analysis

The interaction test is carried out using the *Moderated Regression Analysis* (MRA) test to determine whether the moderating variable can strengthen or weaken the relationship between the independent variable and the dependent variable. In this study, the MRA test was used to determine the results of the interaction of the multiplication of moderating variables, namely the Merger on the independent variables of this study in the form of *Return on assets, Current ratio, Debt to equity ratio, Total Asset Turnover*, Company Size, and the dependent variable firm value. According to research Ratnasari, (2021) the MRA test is carried out with the results of the interaction of the independent variable on the moderation variable, the results of which will be tested for their influence on the dependent variable. The variable is said to moderate if the interaction result of the probability value is less than 0.05, while the interaction result with a significant value of more than 0.05, the moderating variable is not able to moderate variable X to Y. The following are the results of the MRA test:

Table 5: MRA Testing Results

Dependent Variable: LOG_Y
Method: Panel Least Squares
Sample: 2017 2023
Periods included: 7
Cross-sections included: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-23.27684	11.50999	-2.022316	0.0511
ROA*MERGER	0.019604	0.007465	2.626049	0.0129
CR*MERGER	0.046378	0.015325	3.026267	0.0047
DER*MERGER	-0.030550	0.038093	-0.801983	0.4281
TATO*MERGER	0.029661	0.012414	2.389438	0.0226
SIZE*MERGER	0.018136	0.004784	3.790831	0.0006

Source: Eviews 12 (data processed, 2025)

Based on table 5, the results of MRA testing the interaction of the independent variable of financial performance with the moderation variable, it can be concluded that the results of MRA are as follows:

1. The results of the interaction test between the ROA variable and the moderation variable, namely the Merger, have a probabilitiy value of 0.012 <0.05, so from these results it can be concluded that the merger variable is able to moderate the effect of ROA on firm value. The first regression results without interaction variables show a significance result

of 0.077 which has a positive and insignificant effect, while the MRA test results produce a sig value of 0.012 which has a positive and significant effect, meaning that the merger strengthens the effect of ROA on firm value because 0.012 < 0.077 and is getting closer to the value 0.

2. The results of the interaction test between the CR variable and the moderation variable, namely the Merger, have a probabilitiy value of 0.0047 <0.05, so from these results it can be concluded that the merger variable is able to moderate the effect of CR on firm value. The first regression results without interaction variables show a significance of 0.0091 has a positive and significant effect, while the MRA test results produce a sig value of 0.0047 has a positive and significant effect, meaning that the merger strengthens the effect of *Curent Ratio* on firm value because 0.0047 < 0.0091 and is getting closer to the value 0.

3. The results of the interaction test between the *Debt equity ratio* (DER) variable and the moderation variable, namely the Merger, have a probabilitiy value of 0.4281> 0.05, so from these results it can be concluded that the merger variable is not able to moderate the effect of DER on firm value. The first regression results without interaction variables show a significance result of 0.4540 which has a negative but insignificant effect, while the MRA test results produce a sig value of 0.4281 which has a negative but insignificant effect. The interaction effect between merger and DER is slightly stronger because 0.4281 is smaller than 0.4540 although still insignificant.

4. The results of the interaction test between the *Total Asset Turnover* (TATO) variable and the moderation variable, namely the Merger has a probabilitiy value of 0.0226 <0.05 then from these results it can be concluded that the merger variable is able to moderate the effect of TATO on firm value. The first regression results without interaction variables show a significance result of 0.0194 has a positive and significant effect, while the MRA test results produce a sig value of 0.0226 has a positive effect and significant, meaning that the merger slightly weakens the effect of TATO on firm value because 0.0226 <0.0194 but still significant.

5. The results of the interaction test between the Company Size variable and the moderating variable, namely the Merger have a probabilitiy value of 0.0006 <0.05, so from these results it can be concluded that the merger variable is able to moderate the effect of Company Size on firm value. The first regression results without interaction variables show a significance of 0.000600 has a positive and significant effect, while the MRA test results produce a sig value of 0.000587 has a positive and significant effect, meaning that

the merger strengthens the effect of Company Size on firm value because 0.000587 <0.000600.

4. CONCLUSION

This study aims to analyse the effect of financial performance of BUMN Construction on firm value before and after assuming a merger. This study uses moderating variables, namely mergers as a restructuring step with the aim of knowing whether mergers have an impact on strengthening or weakening the effect of financial performance on firm value. It can be concluded that Financial Performance Profitability has a positive and insignificant effect, Liquidity has a positive and significant effect, Leverage has a negative and insignificant impact, TATO has a positive and significant effect and company size has a positive and significant effect on firm value. The effect of the independent variable of financial performance on firm value by moderating the merger variable through MRA testing can be obtained, namely partially the Merger is able to moderate (Strengthen) the effect of *Return on Assets* on firm value, the Merger is able to moderate by strengthening the effect of *Curent Ratio* on firm value, the Merger is unable to moderate the effect of *Debt equity Ratio* on firm value, the Merger is able to moderate the effect of *Total Asset Turnover*, the Merger is able to Moderate by Strengthening the effect of company size on firm value. Based on the results of the MRA test above, it can be concluded that the impact of the Merger on financial performance tends to strengthen its influence on the value of BUMN construction sector companies. This means that after the company is assumed with a merger (combining the total assets of 7 companies into 1) there is an indication of an increase in the effect of financial performance on firm value compared to before the merger. So it can be concluded that the company's restructuring steps with mergers in this study have a positive impact on the company's financial performance so that there is a possibility that the company's condition will be better than before the merger.

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NOVELTY

he novelty in this study is in the latest phenomena and rarely researched using the same method in this study, so the element of novelty in this study, especially compared to other studies, is the use of mergers as a moderating variable. Most of the other studies are mergers in the form of analyzing or comparing financial performance before and after the merger, but

in this study I assume a merger with the size of the company that I combine. The main finding in this study is the impact of the merger which I assume with the size of the company after combining its effect on overall financial performance, it strengthens the effect of financial performance on firm value so that when viewed from the initial objective that this material is a restructuring step, indeed when viewed from the results in accordance with the objectives, namely the merger is able to provide the possibility of improving company performance because it is supported by the ability of assets which are certainly getting bigger.

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