

**TREND ANALYSIS FINANCIAL PERFORMANCE OF PT PLN  
(PERSERO) (1997 - 2007), RELATED WITH PRIVATISATION  
PLANNING AND ISLAMIC OWNERSHIP SYSTEM  
PERSPECTIVE**



**THESIS**

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## ABSTRACT

*Trend Analysis Financial Performance Of Pt Pln (Persero) (1997 - 2007),  
Related With Privatisation Planning And Islamic Ownership System Perspective*

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This research has objective to give description about the performance and way to manage state assets that is PT PLN (PERSERO), in order to run optimally and also suitable with Islamic Economic System's corridor as alternative solution. The trend years of annual report used is from 1997 - 2007 and also give brief experience of privatisation in electricity sector in abroad.

The result of this result found that there is no significant impact in performance of electricity sector between owned by state or by private. Trend analysis financial performance of PT PLN (PERSERO) was bad if related with operating impact. And also paradigm of Islamic Economic System toward privatisation is not directly mention forbidden. Forbidden or allow of state owned company privatised is based on the kind of ownership. In term of electricity sector, based on Islamic Ownership System, is categorised as public property that is not allowed to owned by private, even though it s profitable or loss.

*Keywords: Trend Analysis Financial Performance, Electricity Sector,  
Privatisation, Islamic Ownership System*

## CHAPTER I

### INTRODUCTION

#### 1.1 BACKGROUND OF THE PROBLEM

PT PLN (PERSERO) is the one of electricity supplier in Indonesia. As a single player in electricity supply, PLN has been success in providing electricity in almost of Indonesia's territorial, from Sabang to Merauke, from urban to rural until remote area. This improvement of coverage is escorted by government policy to give service to people.

Recently, PT PLN (PERSERO) has problems in providing electricity power in almost provinces of Indonesia. As researcher, this condition is quite weird because it is happened simultaneously and the problems are also with same manner. This condition is creating one big question about the performance of PT PLN (PERSERO). Is it in trouble or condition under government design (newspaper Realitas, 2008) with tendency there is a grand design to privatise PT PLN (PERSERO) in 2009. Or is PT PLN (PERSERO) in a big trouble that is needed a radical re-structurization until have to change in ownership from government to private? In August 21<sup>st</sup> 2008, State Ministry BUMN Sofyan Djalil said that his department already decided the policy to divest 2 divisions of PT PLN (PERSERO) -PT Indonesia Power and Jawa Bali Generator (*Pembangkit Jawa Bali*)- to public through initial public opening (IPO) on 2009. He also said will divest until 30 % of total share to get Rp 10 billion (2009; *Harian Investor Daily*). These probabilities recently are become common issue about PT PLN (PERSERO).

Privatisation in many countries is related with the paradigm changing about the function of government in arrangement of economic activity. In 1950-1960, states had large function in arrangement and management of economic resources. In decade 1980s, the paradigm in economic policy was change. Before 1980s, United Kingdom gave pressure to government rather than market mechanism for economic activity. Government, especially in transportation sector, communication, and energy supply, held monopoly right. But after 1980s, UK inclined liberal in economic arrangement; it is changing to release the economic mechanism into market. This economic liberalisation was pioneered by UK under Prime Minister Margareth Thatcher and influence to the global policy of economic.

The privatisation issue is becoming the routinely planning for Indonesia now. After Indosat divestment with cheap price to Temasek inc., Government of Indonesia Republic decided to sale another stock of state-owned company to public. This policy was not sudden policy because lack of government budget only, but also recommendation from international organization that already becomes law.

Economic crisis in 1997 became a momentum for operator of global capitalism- IMF, World Bank, and WTO- to open the free market widely. IMF and World Bank used this momentum to force Government of Indonesia to do structural reformation as the respond of bail out packet with amount US\$ 46 billion in the year of 1997. The structural reformations are in banking system, corporation, financing of public sector -include of removing subsidy, decentralizing monetary and politic, taxation system, and widely open the play

## CHAPTER VI

### CONCLUSION

This research has objective to give the description about the performance and way to manage state assets that is PT PLN (PERSERO), in order to run optimal and also suitable with Islamic Economic System's corridor as alternative solution.

According to the data analysis and findings that have been described in the previous chapter, the conclusion, implication and recommendations of this research is explained as follows:

#### 6.1 Conclusions of the Research

From the experience of electricity privatisation in abroad that I have been mentioned in chapter 4, shows that there is no significant impact in performance of electricity sector between owned by state or by private.

Paradigm of Islamic economy system toward privatisation is not directly mention forbidden. Forbidden or allow of state owned company privatised is based on the kind of ownership. In term of electricity sector, based on Islamic ownership system, is categorised as public property that is not allow to owned by private, even though its profitable or loss.

After evaluated the financial performance of PT PLN (PERSERO) in recent 11 years (1997 - 2007), all bad performance came from the bad result of operating income. Operating income comes from total operating revenue and total operating cost. The fact that total sales of electricity can not cover total operating cost is indication that price of electricity in Indonesia is lower than the actual cost.