



Assessing the Financial Performance of PT Jaya Konstruksi Manggala Pratama Tbk: a Perspective of Agency Theory

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ARTICLE INFO

Article history:

Received: 23 April 2025

Accepted: 14 May 2025

Published: 30 May 2020

Keywords:

Agency theory
trend analysis
financial performance
public company
construction industry

ABSTRACT

This study aims to analyze the financial performance of PT Jaya Konstruksi Manggala Pratama Tbk from 2018 to 2024 using trend analysis and agency theory as the theoretical framework. The agency problem arises in modern business due to conflicts of interest and information asymmetry between managers (agents) and shareholders (principals). The study employs a descriptive quantitative approach with secondary data from audited financial statements published by the Indonesia Stock Exchange and the company's official website. The findings reveal that while the company improved equity growth and reduced liabilities, there was a notable decline in total assets and profitability in 2024. These fluctuations suggest potential inefficiencies in operational strategy. From the agency theory perspective, the management demonstrated efforts to align their actions with shareholder interests, particularly through consistent equity increases and profitability in recent years. However, the decline in income and earnings in the final year signals the need for stronger oversight and better incentive mechanisms. This research contributes to a deeper understanding of how agency theory can be applied in evaluating corporate financial performance and governance practices in the Indonesian construction sector.

1. INTRODUCTION

In today's modern business environment, the relationship between company management and shareholders is often challenged by what is known as the agency problem. Agency theory explains the conflict of interest that arises when management (agents), who are entrusted to run the company, do not always act in the best interests of the shareholders (principals). When managers possess more information than shareholders, the risk of inform-

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ation asymmetry, moral hazard, and inefficient decision-making increase. Herlambang et al., (2020) emphasize that ownership structure and company size can significantly affect financial performance, reflecting the dynamics of agency relationships within a company. In the industrial context, financial performance plays a vital role in evaluating the success of a company's strategy. It reflects not only the efficiency of asset utilization and the effectiveness of managerial policies but also the short- and long-term financial health of a business. In recent years, however, the construction industry in Indonesia has faced several significant challenges that have impacted its financial performance. According to data from Habibullah (2024), the construction industry grew by 4.83% in 2021, but this slowed to just 0.6% in the third quarter of 2022, due to rising material costs, project uncertainty, and supply chain disruptions. A study by Kautsar & Soekarno (2024) also revealed that several state-owned construction companies were experiencing financial distress, with some approaching bankruptcy as indicated by the Altman Z-score model.

This phenomenon highlights the importance of evaluating the financial performance of construction companies not only for internal stakeholders but also for investors, regulators, and the public. This research is therefore necessary to gain deeper insight into how managerial strategies and internal dynamics impact financial outcomes, particularly in an industry characterized by high risk and income volatility.

This study focuses on PT Jaya Konstruksi Manggala Pratama Tbk (JKON), one of the leading construction companies in Indonesia listed on the Indonesia Stock Exchange. Operating in a sector with high project risks and irregular revenue cycles, efficient and transparent financial management becomes critical for maintaining competitiveness and business sustainability. This research employs a quantitative approach using trend analysis of financial statements from 2018 to 2024. Trend analysis is chosen because it reveals long-term patterns and fluctuations in company performance. According to Subramanyam (2009), trend analysis is a key tool for identifying directional changes in financial data and anticipating future conditions.

Beyond numerical approaches, this study also integrates agency theory as a conceptual framework for interpreting the financial policies implemented by management. This integration is essential to assess whether the actions of company management align with shareholder interests, as outlined in modern agency principles. Thus, the study does not merely evaluate performance from a historical standpoint but also examines it within the framework of corporate governance and healthy agency relationships.

2. LITERATURE REVIEW

Agency Theory

Agency theory examines the contractual relationship between the company owner (the principal) and the management (the agent). In this context, the principal delegates the authority to the agent to operate the company on behalf of and in the interest of the principal. However, due to differences in interests and the imbalance of information between the two parties, conflicts often arise. The principal, as the provider of funds, demands transparency regarding how and to what extent these funds are managed by the agent. This information is typically conveyed through financial accountability reports prepared by management.

In practice, however, agents may present biased or manipulated information to appear more favorable in the eyes of the owner. Such actions can distort the accuracy of reports and mislead the principal's decision-making process. Therefore, an independent third party, namely an auditor, is necessary to mediate the relationship between the agent and the principal. Auditors play a crucial role in ensuring that the financial reports presented are reliable and accurately reflect the financial condition of the company. Through the audit process, management behavior can be monitored, and potential fraud risks can be mitigated. Hence, agency theory is highly relevant not only in understanding the dynamics of the owner-manager relationship but also in emphasizing the importance of control mechanisms, such as audits, in maintaining the integrity of financial reports (Purba, 2023).

Agency theory focuses on resolving two key issues: (1) agency problems that arise from conflicts of interest between the principal and the agent, and the difficulty the principal faces in evaluating the agent's performance; and (2) risk-sharing problems that arise due to differing attitudes toward risk between the principal and the agent. These differing actions occur because each party has different risk preferences (Ikhsan, 2008).

Financial Performance Analysis

Financial performance analysis is the process of evaluating how well a company utilizes its financial resources to achieve its business objectives. In this study, the focus is placed on trend analysis, which observes changes in financial conditions over a period of time. Instead of using financial ratios, trend analysis allows researchers to identify whether a company's performance is improving, declining, or remaining stable by reviewing key financial indicators such as revenue, expenses, profit, and total assets over multiple reporting periods.

Mu'awadah (2023) explain that financial performance analysis plays an essential role in helping internal and external stakeholders understand a company's overall condition. Even though their study includes financial ratios, the insights remain relevant for trend-based analysis, as identifying long-term patterns can aid in recognizing strategic strengths and weaknesses, as well as in anticipating future financial outcomes. By focusing on historical data, trend analysis supports decision-making by showing how past activities have affected current outcomes, and whether those outcomes align with the company's goals.

Furthermore, trend analysis offers a broader view of financial development, especially in dynamic industries where performance may fluctuate due to market conditions, regulatory changes, or internal factors. It helps companies assess how consistently they are growing, the sustainability of their strategies, and how resilient their operations are over time. Therefore, even without ratio indicators, this method is still highly beneficial for evaluating company progress and ensuring accountability to investors and stakeholders.

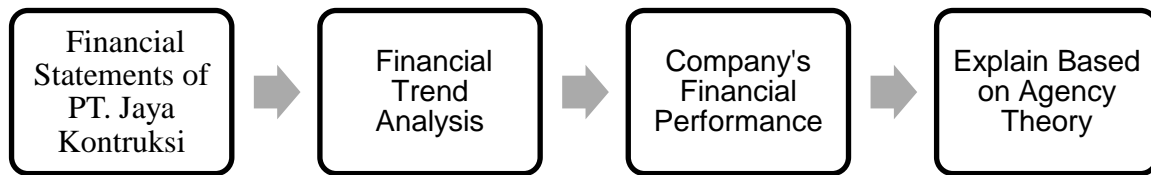
Trend Analysis of Financial Performance

Trend analysis in financial performance is a method used to identify the direction of a company's financial condition and performance over time, whether it is improving or declining. Harahap, (2017); Purba et al., (2023) outlines two primary methods for trend analysis: a statistical method involving the calculation of trend lines based on financial statements over multiple periods, and the trend percentage method. To generate more accurate predictions, it is necessary to have sufficient historical data to recognize fluctuations and the factors contributing to changes.

In practice, trend analysis allows us to understand long-term changes by comparing the average performance in one period to another. If the average shows an increase, it is considered a positive trend, whereas a decrease is regarded as a negative trend. The success of this analysis is highly dependent on the quality and accuracy of the data collected and the length of the observation period. The longer and more precise the available data, the more reliable the trend estimation will be.

For example, in analyzing a company's financial performance, trend analysis can offer insight into whether the company is experiencing growth or decline in aspects such as revenue or profit over time. Through this analysis, company management can make more informed decisions regarding long-term strategies to adopt. With sufficient data, trend analysis can also be used to forecast the future condition of the company, providing valuable insights for managing the company's financial strategy.

Conceptual Framework



3. RESEARCH METHOD

This research is a descriptive quantitative study using a case study approach aimed at illustrating the financial performance of PT. Jaya Kontruksi Manggala Pratama Tbk based on historical data. The descriptive quantitative approach is a statistical analysis technique that aims to present, simplify, and evaluate data based on numerical values. Quantitative data itself refers to data that can be expressed in numerical form and calculated mathematically (Sudirman et al, 2023). The data used in this study are secondary in the form of the company's annual financial statements for the period 2018 to 2024, obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the company's official website. The data collection technique used was documentation, while the data analysis was conducted using trend analysis methods to observe performance developments from year to year. The formula used in the trend analysis is:

$$Trend = \frac{Periode\ Pembanding}{Periode\ Dasar} \times 100\%$$

This formula refers to the method explained by Harahap (2017), where the base year is typically set at the beginning of the observation period. The trend is evaluated based on index changes: if the index increases year by year, the performance is considered improving; if it declines, it indicates worsening performance. Although there is no universally fixed standard, an index above 100% is generally interpreted as positive growth, while below 100% indicates a decline relative to the base year.

In the context of Agency Theory, the assessment focuses on the transparency and reliability of financial reports as a form of accountability from agents (management) to principals (owners). When trend performance shows consistent and reasonable results, it indicates a healthy agency relationship and the effectiveness of managerial control mechanisms. On the other hand, irregular fluctuations might signal information asymmetry or agency conflicts, suggesting the need for further oversight or auditing intervention.

4. RESULTS AND DISCUSSION

Financial Performance Based on Trend Analysis

Based on the statement of financial position trend data of PT. Jaya Kontruksi Manggala Pratama Tbk from 2018 to 2024, several important dynamics in the development of the company's total assets, liabilities, and equity can be further analyzed through the lens of agency theory. In 2018, there was a notable increase across all financial indicators, with total assets rising to 114%, liabilities to 123%, and equity to 107%. This surge likely indicates a strategic expansion by management, possibly through operational growth or long-term

investments. The significant rise in liabilities also suggests increased external funding, reflecting a greater trust from creditors in the company's prospects.

In 2019, while both assets and liabilities remained relatively stable (103% and 100%, respectively), equity rose sharply to 191%. This substantial jump could reflect either additional capital injections from owners or a significant accumulation of retained earnings. From the perspective of agency theory, this condition may indicate that management succeeded in enhancing firm value, thereby reducing potential conflicts between principals (shareholders) and agents (managers).

However, during 2020 and 2021, a marked decline occurred in all indicators. Assets dropped to 93% (2020) and 91% (2021), while liabilities decreased to 79% in 2021. Equity experienced a sharp drop, falling to only 58% in 2021. This downturn may have been influenced by the impact of the COVID-19 pandemic or suboptimal managerial decisions. From the agency theory perspective, this period may reflect a deterioration in the principal-agent relationship, particularly if transparency and risk communication were lacking.

From 2022 to 2024, the company began showing signs of gradual recovery. Total assets increased to 104% in 2022 and 102% in 2023, though it slightly declined to 99% in 2024. Liabilities showed a declining trend from 97% (2022) to 89% (2024), suggesting a conscious effort by the company to reduce debt burdens. Meanwhile, equity showed consistent improvement, rising to 108% in 2022 and settling at 104% in 2024, indicating performance recovery and improved managerial accountability.

**Table 1. PT. Jaya Konstruksi Manggala Pratama Tbk
Years 2017–2024
(In IDR hundred millions)**

Year	Description		
	Total Asetts	Total Liabilities	Total Equity
2017	42,02	17,99	24,03
2018	48,04	22,21	25,82
2019	49,28	22,3	49,28
2020	45,65	18,82	45,65
2021	41,45	14,94	26,5
2022	43,07	14,45	28,62
2023	43,96	13,41	30,54
2024	43,71	11,94	31,76

**Table 2. Summary of Income Statement of PT. Jaya Konstruksi Manggala
Pratama Tbk
(In IDR hundred millions)**

Year	Description				
	Operating Revenue	Cost of Goods Sold	Gross Profit	Operating Income	Comprehensive Profit (Loss) for the Year
2017	44,95	-37,45	7,5	3,22	3,01
2018	51,57	-42,92	8,65	3,56	2,73
2019	54,7	-46,51	8,19	3,1	1,97
2020	30,13	-25,2	4,92	1,42	0,58
2021	34,8	-30,13	4,66	1,15	-0,32
2022	44,65	-38,64	6	2,24	2,11

2023	45,48	-38,43	7,04	2,81	2,41
2024	38,75	-32,61	6,14	1,5	1,92

Table 3. Trend Analysis Results of the Statement of Financial Position of PT. Jaya Konstruksi Manggala Pratama Tbk for the Years 2018–2024

Year	Description		
	Total Asetts	Total Liabilities	Total quity
2017	42,02	17,99	24,03
2018	114%	123%	107%
2019	103%	100%	191%
2020	93%	84%	93%
2021	91%	79%	58%
2022	104%	97%	108%
2023	102%	93%	107%
2024	99%	89%	104%

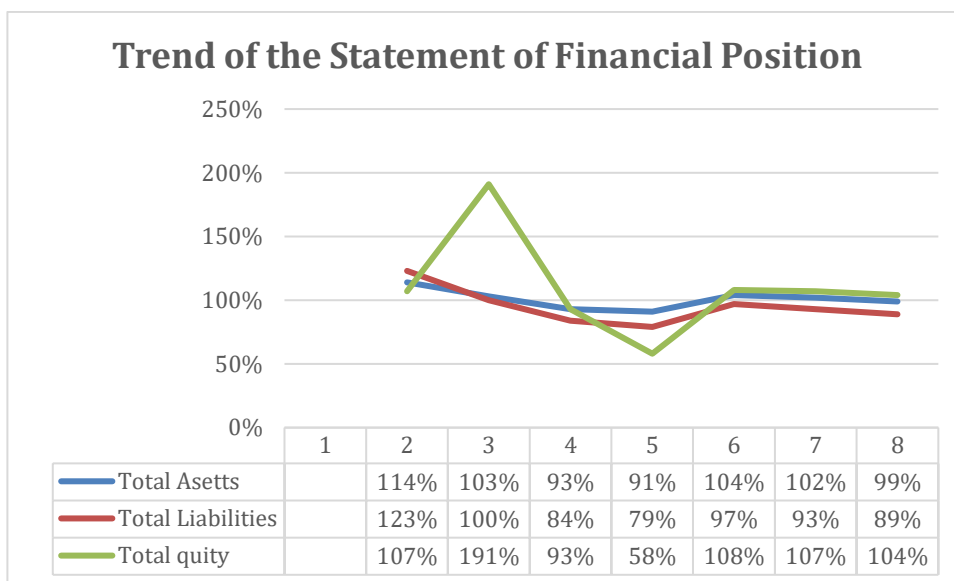


Figure 1. Trends of Assets, Liabilities, and Equity

Analysis Through the Lens of Agency Theory

Viewed through the agency theory framework, these financial fluctuations reflect the evolving relationship between agents (management) and principals (shareholders). The increase in equity, especially in 2019 and 2022, suggests that management effectively enhanced shareholder value, which can reduce agency conflicts. However, the significant

declines in 2020–2021 indicate possible information asymmetry or misaligned managerial actions that may not have served the shareholders’ best interests.

The recovery trend from 2022 onward highlights the importance of both internal and external control mechanisms, including the role of auditors, financial transparency, investor monitoring, and regulatory oversight. Agency theory emphasizes that improving financial performance is not only an operational matter but is also strongly linked to how trust and communication between principals and agents are managed over time.

Table 4. Trend Analysis Results of Income Statement of PT. Jaya Konstruksi Manggala Pratama Tbk for the Years 2018–2024

Year	Description				
	Operating Revenue	Cost of Goods Sold	Gross Profit	Operating Income	Comprehensive Profit (Loss) for the Year
2017	44,95	-37,45	7,5	3,22	3,01
2018	115%	115%	115%	111%	91%
2019	106%	108%	95%	87%	72%
2020	55%	54%	60%	46%	29%
2021	115%	120%	95%	81%	-55%
2022	128%	128%	129%	195%	-659%
2023	102%	99%	117%	125%	114%
2024	85%	85%	87%	53%	80%

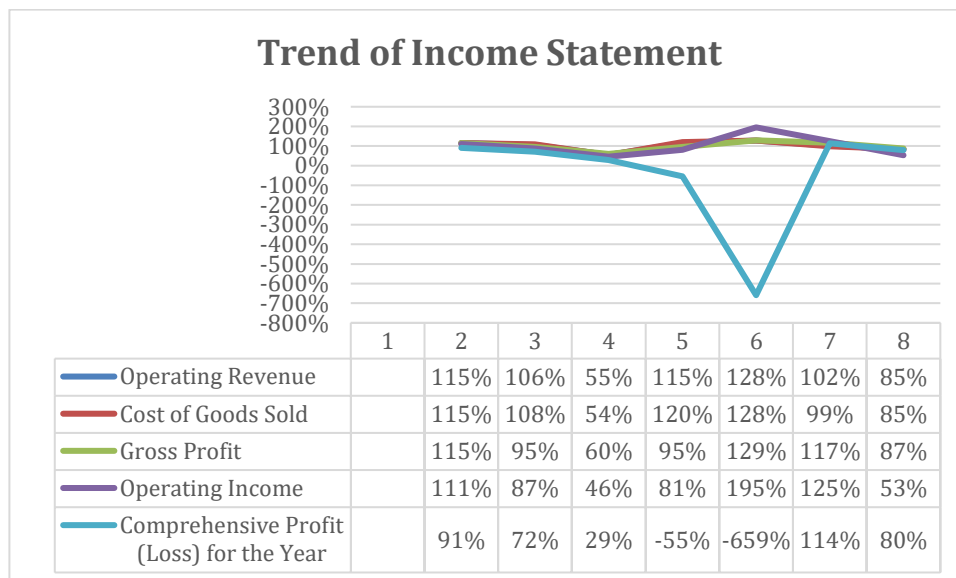


Figure 2. Trends of Income Statement

Financial Performance Based on Trend Analysis

Based on the profit and loss trend data of PT. Jaya Konstruksi Manggala Pratama Tbk from 2018 to 2024, there are significant fluctuations in operating revenue, cost of goods sold (COGS), gross profit, operating income, and comprehensive income that reflect the effectiveness of the company’s operational strategies and managerial efficiency, particularly when viewed through the lens of agency theory.

In 2018, all indicators showed positive growth, with operating revenue, COGS, gross profit, operating income, and comprehensive income increasing to 115%, 115%, 115%, 111%, and 91% respectively compared to 2017. This growth indicates a financially healthy condition and productive managerial policies in controlling costs while generating profitability.

However, in 2019, although revenue still grew by 106%, gross profit dropped to 95% and operating income fell to 87%, while comprehensive income declined to just 72%. This suggests that revenue growth was not supported by cost efficiency, resulting in decreased profitability. In agency theory, this could indicate managerial inefficiency or suboptimal strategies that reduce shareholder value.

Conditions worsened in 2020 and 2021. In 2020, operating income dropped sharply to 46% and comprehensive income to 29%, despite revenue reaching 55%. The year 2021 became one of the worst, with revenue increasing to 115% while comprehensive income plunged to -55%. This likely indicates extraordinary expenses, investment losses, or ineffective risk management. In terms of the principal-agent relationship, such conditions may cause conflict, especially when managerial decisions fail to align with shareholder interests.

In 2022, a notable anomaly emerged. Operating income surged to 195%, yet comprehensive income dropped drastically to -659%. This extreme discrepancy may indicate substantial non-operational losses, potentially from currency exchange losses, investment impairment, or litigation expenses. This mismatch between operational performance and net results could erode investor trust in the transparency and accountability of management.

By 2023 and 2024, the condition began to recover, with improvements in gross profit, operating income, and comprehensive income, each showing a stabilizing trend above 100% in 2023 and gradual recovery in 2024. This indicates that the company was starting to control costs and improve operational efficiency once again.

Analysis from the Perspective of Agency Theory

From the agency theory perspective, the profit and loss trend illustrates a dynamic relationship between management as agents and shareholders as principals. When revenue increases but comprehensive income declines sharply, as seen in 2021 and 2022, it reflects a potential conflict of interest, a lack of transparency, or misalignment of strategic decisions with shareholder goals.

Agency theory emphasizes the importance of effective monitoring mechanisms and aligned incentives to ensure that agents act in the best interest of principals. The inconsistency between operational income and comprehensive results in 2022 especially highlights the need for transparent disclosures and strong internal control systems. Additionally, the gradual recovery in 2023 and 2024 suggests improvements in the principal-agent relationship through restructuring strategies or reassessment of financial policies.

Overall, the fluctuations in PT. Jaya Konstruksi Manggala Pratama Tbk's profit and loss trends reflect not only external economic conditions but also serve as critical indicators for evaluating how well management upholds shareholder value and ensures long-term company sustainability.

5. CONCLUSION AND SUGGESTION

Based on the trend analysis of the financial position and profit and loss statements of PT. Jaya Konstruksi Manggala Pratama Tbk from 2018 to 2024, it can be concluded that the company's financial performance has experienced significant fluctuations, reflecting both internal and external dynamics. In the early years, such as 2018 and 2019, the company showed positive growth in assets, equity, and revenue. However, the sharp decline in 2020 and 2021 highlights major challenges, likely due to the pandemic and weaknesses in managerial decision-making.

From an agency theory perspective, this decline period indicates potential conflicts of interest between management and shareholders, especially when information is not transparently communicated or strategic decisions do not align with the principal's interests. The discrepancy between operating profit and comprehensive income, particularly in 2021 and 2022, emphasizes the need for effective monitoring of agent (manager) performance. However, the recovery trend observed in 2023 and 2024 demonstrates improvements in operational efficiency and the principal-agent relationship.

Based on the analysis of the financial performance trends, it is recommended that PT. Jaya Konstruksi Manggala Pratama Tbk enhances transparency in its financial reporting and improves communication between management and shareholders. The company should focus on strengthening internal controls and monitoring mechanisms to ensure that managerial decisions align with the best interests of the shareholders. Additionally, management should prioritize strategic decision-making that reflects long-term sustainability, particularly in times of economic uncertainty. Ongoing efforts to improve operational efficiency, reduce liabilities, and maintain financial stability will also be crucial for rebuilding trust with investors and ensuring future growth.

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