

Determinants of Financial Performance of Public Service Agencies with Capital Expenditure Realization as a Moderator Variable

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Abstract:- Financial performance is essential to be measured for Health Public Service Agency (Health PSA) units to portray the condition of both hospitals and major health centers. This study aims to analyze the influence of current ratio, debt to asset ratio, fixed asset turnover, total asset, realization of Non-Tax State Revenue (PNBP), realization of Other Government Revenue (POBO), and the level of PSA's self-reliance on financial performance, with the realization of capital expenditure as a moderating variable. The research employs a quantitative approach with a population of 40 Health Public Service Agency (Health PSA) units observed from the year 2018 to 2021. The study's sample consists of 31 hospitals and major health centers under Health PSA. The analysis method uses moderated regression analysis (MRA). The research findings conclude that the realization of PNBP and POBO has a positive and significant effect on financial performance, while the current ratio, debt to asset ratio, fixed asset turnover, and total asset do not significantly affect financial performance. It is found that the realization of capital expenditure acts as a moderator and strengthens the influence of PNBP and POBO realization on the financial performance of Health PSA. However, the realization of capital expenditure does not moderate the effect of current ratio, debt to asset ratio, fixed asset turnover, and total asset on the financial performance of Health PSA units.

Keywords:- Liquidity, Solvency, Activity, Firm Size, Effectiveness Level, Level of Autonomy, Capital Expenditure Realization, Financial Performance

I. INTRODUCTION

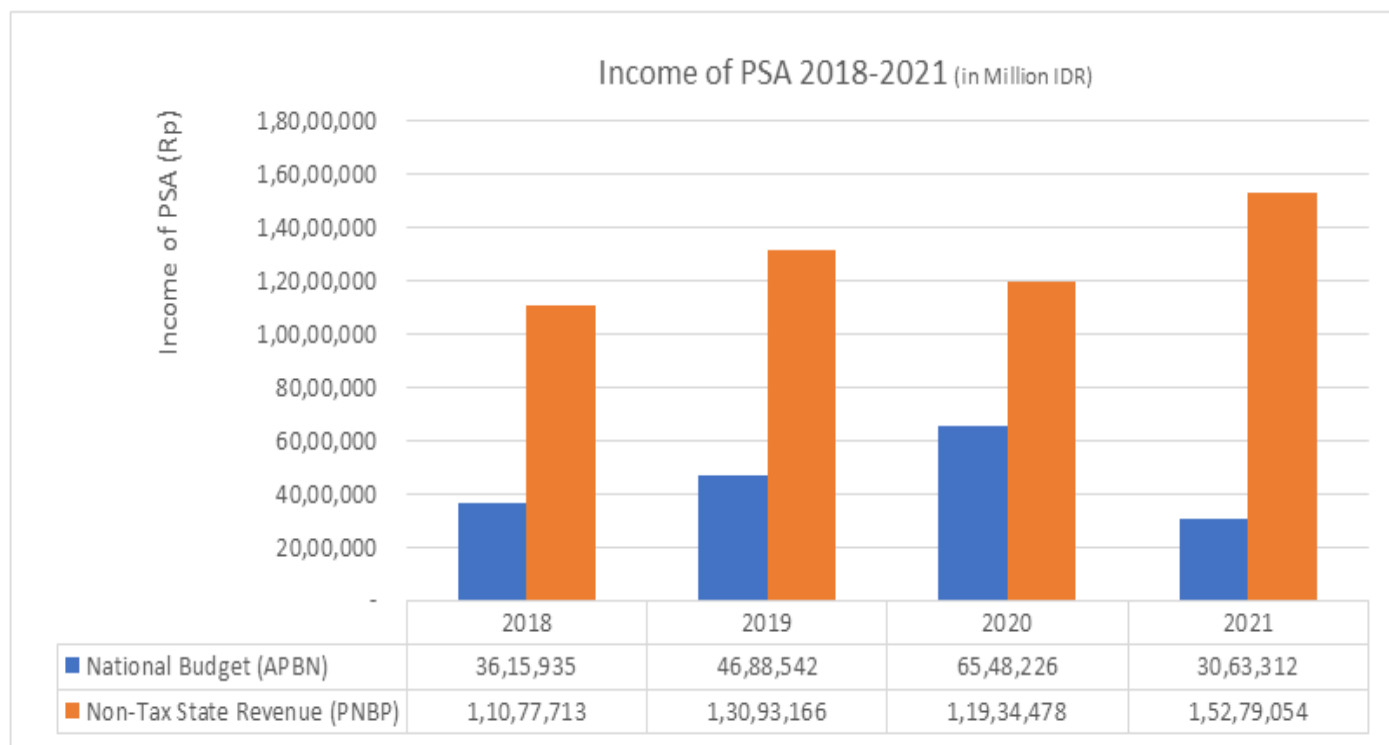
Indonesia, as a country with the largest population in the world, has a population of 273,879,750 people (Directorate General of Population and Civil Registration, 2021). According to the minimum standard, 5% of the national budget (APBN) is allocated for healthcare expenses as stated in Law Number 36 of 2009 concerning health budget allocation. The healthcare budget allocation has seen a sharp increase due to the pandemic. The Ministry of Health received additional funding from the national budget with a 9.4% increase in total budget expenditure in 2020,

which was distributed through government agencies, including the Health Public Service Agency, comprising hospitals and major health centers.

Health PSA represents a government paradigm shift called "Enterprising the government," where the government directly provides services to the public not solely for profit but remains productive and effective in fulfilling its role. PSA is given the freedom to manage its finances based on principles outlined in Law Number 1 of 2004 concerning State Treasury Articles 68 and 69, as well as Government Regulation Number 23 of 2005. With this autonomy, PSA is expected to serve as a model of a self-reliant government institution by generating service fees for the public. The revenue generated from PSA's services is referred to as Non-Tax State Revenue (PNBP). PSA is also encouraged to manage its operational needs without relying solely on government contributions from the State Revenue and Expenditure Budget (APBN).

In order to achieve a self-reliant and mature Health PSA, the performance assessment mechanism is regulated in the Directorate General of Treasury Regulation Number PER-22/2020, which is the Second Amendment to the Directorate General of Treasury Regulation Number PER-36/PB/2016 concerning Guidelines for the Performance Assessment of Health Public Service Agencies. This regulation measures the financial and non-financial performance of PSAs through financial and non-financial ratios.

When the COVID pandemic hit in 2019, Health PSA also felt the impact as a healthcare service provider. Non-COVID visits were limited, resulting in certain medical equipment being underutilized, which also affected revenue, failing to meet targets in the first and second quarters of 2020. Despite facing challenging times, in 2020, the government provided additional funding to meet the needs for COVID-related services in Health PSAs to alleviate delays in patient care. This aid came in the form of additional budget allocation from the national budget and reallocation of PNBP from non-health PSAs, which could be utilized to support operational and capital expenditures for healthcare services.



Graphic 1 Income of Public Service Agent in 2018 – 2021

As a Health Public Service Agency (Health PSA) with the authority to manage its finances independently without government interference, the addition of budget allocations becomes crucial to boost PSA's revenue. Most of these additional allocations are used to invest in new ventures, aiming to increase revenue through the expansion of services, improve financial ratios as a measure of PSA's performance, and maintain financial stability.

Despite managing significant healthcare assets and conducting quality healthcare services, the profit generated by PSA is less than 5%. This raises questions as to why there are annual investments that have not shown significant utilization. Although PSAs are non-profit oriented, they are still expected to be productive to ensure sustainable financial capabilities and support ongoing operational activities. Achieving good financial performance and assessing progress through financial aspects are essential (Sujai and Fausan, 2021).

Liquidity ratios indicate the use of debt to finance assets in Health PSAs. Solvency ratios indicate the addition of assets or capital financed by debt. Under certain conditions, using debt as financing is feasible, especially when an organization lacks sufficient funds to support operational activities. Activity ratios measure a company's effectiveness in utilizing all available resources, and the size of Health PSAs is measured by the total assets they possess. The effectiveness of services provided by Health PSAs is measured to evaluate the achievement of Non-Tax State Revenue (PNBP) targets in each budget period, while self-reliance is measured by assessing the extent to which operational expenses can be covered by PSA's own revenue. In this research, the realization of capital expenditure is used as a moderator to observe the interaction effect of capital

expenditure in strengthening or weakening the relationship between variables to optimize the financial performance of Health PSAs.

Based on the explanations above, the researcher is interested in conducting a study titled "Determinants of Financial Performance with Realization of Capital Expenditure as a Moderator in Health Public Service Agency (PSA Kesehatan) Units from 2018 to 2021." The research limitations use return on fixed assets (ROFA) as a proxy for financial performance, current ratio (CR) as a proxy for liquidity ratio, debt to asset ratio (DAR) as a proxy for solvency ratio, fixed asset turnover (FATO) as a proxy for activity ratio, total assets as a proxy for company size, realization of PNBP as a proxy for service effectiveness, and realization of POBO as a proxy for self-reliance. The moderator variable used is the realization of capital expenditure.

The research aims to analyze the influence of independent variables such as CR, DAR, FATO, Total Assets, realization of PNBP, and realization of POBO on the financial performance of Health PSAs, as well as examine how the realization of capital expenditure affects the relationship between CR, DAR, FATO, Total Assets, realization of PNBP, and realization of POBO on the financial performance of Health PSA's.

The results of this research are expected to contribute to decision-making concerning the improvement of financial performance of Health PSAs. Additionally, it is hoped that the findings will contribute to the academic field, especially for other researchers interested in conducting similar studies.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A. Theoretical Review

➤ *Resource-based View (RBV)*

Business management or a tool used to determine the strategic resources available to a company. This theory states that the basis for a company's competitive advantage lies primarily in the application of valuable resources within the company, both tangible and intangible. The theory was first proposed by Wernerfelt (1984) in his work titled "A Resource-Based View of The Firm," and later by Barney (1991) in "Firm Resource and Sustained Competitive Advantage," which explains that company resources help improve the efficiency and effectiveness of its operations.

➤ *Trade-off Theory*

Trade-off theory is a model of capital structure that assumes a company's capital structure is a balance between the benefits of using debt and the costs of financial distress and agency costs. This theory was first introduced by Jensen and Meckling (1976). Trade-off theory is based on the trade-off between the benefits and drawbacks of using debt. Debt incurs interest expenses that can save on taxes. Interest expenses can be deducted from income, resulting in lower taxable profits. Thus, taxes are also reduced. Increasing debt usage may lead to financial distress or bankruptcy.

➤ *Financial Performance*

The financial performance of a company provides a snapshot of its financial condition over a specific period. It encompasses two aspects: fund provision and fund allocation, and is usually measured using indicators such as solvency, liquidity, activity, and profitability ratios (Larasati & Hidayat, 2018). Financial ratios are calculated based on figures from the balance sheet or income statement (Shofwatun, 2021).

➤ *Liquidity Ratio*

Liquidity is one of the financial ratios used to measure a company's ability to meet short-term obligations. A higher liquidity ratio indicates better capability to pay short-term liabilities, such as using available cash in the company (Yaman, 2022).

➤ *Solvency Ratio*

Solvency ratio measures the comparison between the funds provided by the company and the funds borrowed from third parties or creditors. This financial ratio analysis aims to assess the extent to which a company's assets are financed by debt. According to Arsita (2021), a good standard for debt to total asset ratio in a company is a maximum of 35%. If the DAR ratio exceeds this value, the company or institution is considered to be in poor financial condition.

➤ *Activity Ratio*

Firm size classifies companies as large or small based on their assets and outstanding shares (Nurdiana, 2018). According to Yulianto (2021), firm size refers to the

magnitude of a company, influenced by several factors, including operational complexity, variability, and transaction intensity, which can affect the speed of financial reporting to the public.

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➤ *Level of Service Effectiveness*

The level of service effectiveness in healthcare aims to measure the extent to which Health Public Service Agency units can mobilize revenue receipts in line with their targets. The measurement of service effectiveness compares the realization of Non-Tax State Revenue (PNBP) received to the PNBP target.

➤ *Level of Self-Reliance*

The level of self-reliance is an indicator to assess the ability of Health PSA units to manage their budget for operational and capital needs using funds generated from their operational and functional activities. Public Service Agencies (PSAs) are considered self-reliant if they can finance all their operational needs without government intervention (Candrasari, Kurrohman, and Wahyuni, 2018).

➤ *Realization of Capital Expenditure*

The proper realization of capital expenditure is expected to fulfill expectations related to improving the performance of Health PSAs, as demonstrated by improved financial performance. Capital expenditure obtained from government contributions is assumed to have a multiplier effect, thus influencing financial performance (Puspitasari, 2015).

B. Hypothesis Development

➤ *The Influence of CR on ROFA (Return on Fixed Assets):*

Current ratio (CR) indicates the ability of Health Public Service Agency (Health PSA) units to settle short-term liabilities in the current period with the available current assets they possess. A CR value ≥ 1 indicates good financial performance in terms of profitability ratios (Handayani, 2019).

- *H1: CR has a Positive Effect on ROFA.*

➤ *The Influence of DAR on ROFA (Return on Fixed Assets):*

Debt to Asset ratio (DAR) indicates the total debt of Health Public Service Agency (Health PSA) units in the current period, which will be settled with the sufficiency of total assets owned by the Health PSAs, ensuring that total debt does not exceed total assets. Debt ratio is inversely related and has a negative correlation with financial

performance (Batrancea, 2021), so the smaller the DAR ratio, the better the financial performance of Health PSAs.

- *H2: DAR has a Negative Effect on ROFA.*

➤ *The Influence of FATO on ROFA*

Fixed asset turnover (FATO) indicates an increase in operational revenue of Health Public Service Agency (Health PSA) units. With a positive direction, it is expected that the higher the value of FATO, the better the ROFA. Gunardi's research (2020) shows that FATO has a significant positive effect on financial performance.

- *H3: FATO has a Positive Effect on ROFA*

➤ *The Influence of Total Asset on ROFA:*

Institutions with large total assets have the assurance that their operational activities can be carried out effectively. The utilization of assets by Health Public Service Agency (Health PSA) units can optimize profitability and, therefore, have a positive effect on the financial performance of Health PSAs. Sulaksono (2017) found a positive relationship between hospital size and financial performance, hence the following hypothesis:

- *H4: Total Asset has a Positive Effect on ROFA.*

➤ *The Influence of Realization of PNBP on ROFA:*

Realization of Non-Tax State Revenue (PNBP) represents the revenue generated by Health PSAs through their service provision to the public. The higher the realization of PNBP achieved and the faster the realization targets are met, the better the financial performance of Health PSAs (Antari and Sedana, 2018).

- *H5: Realization of PNBP has a Positive Effect on ROFA.*

➤ *The Influence of Realization of POBO on ROFA:*

Realization of Non-Tax State Revenue for Other Regions (POBO) represents the revenue received by Health PSAs used to cover their expenses, both from internal sources and government contributions, such as employee salaries for civil servants. A higher realization of POBO indicates that Health PSAs have successfully achieved efficiency, which in turn improves their financial performance.

- *H6: Realization of POBO has a Positive Effect on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and CR on ROFA:*

One of the purposes of capital expenditures for Health PSAs is to provide facilities to the public, aligned with the social objectives of PSAs. Additionally, PSAs expect to generate revenue from these services, leading to improved financial performance for Health PSAs. Indirectly, the realization of capital expenditures can act as a lever for Health PSAs to achieve better financial performance.

- *H7: Realization of Capital Expenditures Moderates the Effect of CR on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and DAR on ROFA:*

To acquire assets, Health PSAs can use internal funds or borrow externally. The downside of using external funds is the obligation to pay interest, which affects financial performance. However, if Health PSAs have the capacity to obtain additional assets with their existing funds or additional funds from the government, it can significantly assist them, especially during a pandemic. It is hypothesized that the realization of capital expenditures from external funds used for additional investments can affect the DAR ratio and financial performance.

- *H8: Realization of Capital Expenditures Moderates the Effect of DAR on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and FATO on ROFA:*

The utilization of assets from the realization of capital expenditures can be optimized to support services to the public. With the realization of capital expenditures, it is expected that the utilization of assets will increase, and this can be used to improve revenue and subsequently enhance the financial performance of Health PSAs.

- *H9: Realization of Capital Expenditures Moderates the Effect of FATO on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and Total Asset on ROFA:*

The value of capital expenditure realization adds to the balance sheet of Health PSAs as fixed assets. An increase in asset value affects the size of the company, represented by the total assets managed by Health PSAs. The larger the asset value, the larger the scale of Health PSAs.

- *H10: Realization of Capital Expenditures Moderates the Effect of Total Asset on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and Realization of PNBP on ROFA:*

Given the need for additional investments, considering the revenue targets to be achieved, the realization of capital expenditures is expected to accelerate the achievement of revenue targets beyond expectations. When revenue targets are achieved faster, it directly affects the allocation of expenditure by Health PSAs, resulting in better financial performance, as assessed by the ministry.

- *H11: Realization of Capital Expenditures Moderates the Effect of the Realization of PNBP on ROFA.*

➤ *The Interaction of Realization of Capital Expenditures and Realization of POBO on ROFA:*

POBO represents the efficiency achieved by Health PSAs, where all recognized receipts are reinvested to cover the operational needs of Health PSAs. PSAs that are independent can be seen in how operational revenue is

managed effectively. One way to increase revenue is by making additional investments while remaining cost-effective. The realization of capital expenditures is expected to affect the realization of POBO, which in turn leads to improved financial performance for Health PSAs.

- *H12: Realization of Capital Expenditures Moderates the effect of the Realization of POBO on ROFA.*

Based on the research problems and objectives, the research framework is presented in Figure 1.

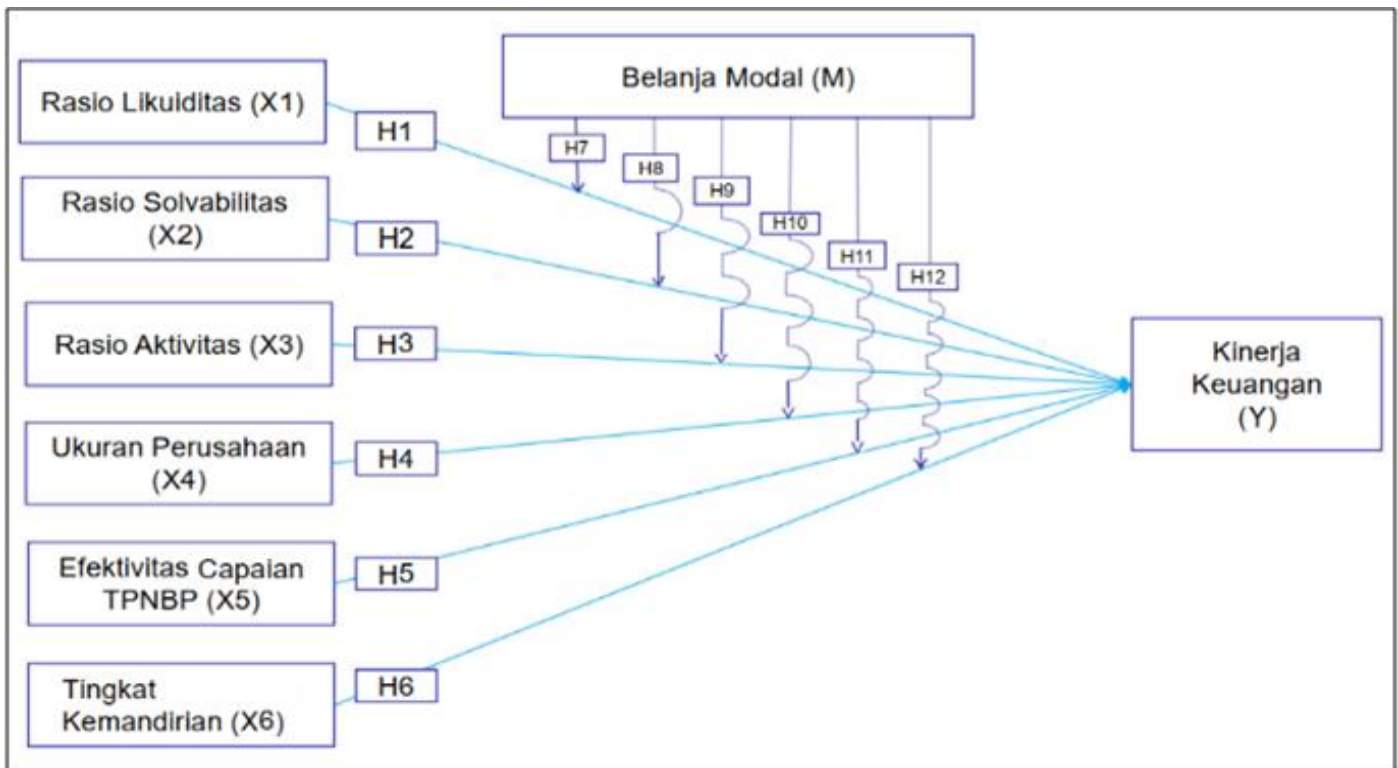


Fig 1 Research Thinking Framework

III. RESEARCH METHODOLOGY

A. Research Design

This study adopts a quantitative approach using secondary data. The research design used is a causal research design aimed at testing hypotheses about the influence of one or more independent variables on a dependent variable, moderated by a contingency variable (moderator variable).

B. Measurement of Variables

The independent variables in this study are current ratio (X1), debt to asset ratio (X2), fixed asset turnover (X3), total asset (X4), realization of PNPB (X5), and realization of POBO (X6). The dependent variable in this study is return on fixed asset (ROFA). This study also employs a moderator variable, which is the realization of capital expenditures.

C. Population and Sample

The population in this study consists of 40 Health Public Service Agency (Health PSA) units, including both general and specialized hospitals, and large health centers. The sampling method used in this study is non-probability

sampling with purposive sampling technique.

D. Data Collection Technique

Data collection is done by compiling financial reports submitted annually to the Directorate General of Health Services, as well as accessing the websites of each Health PSA unit for the observation period from 2018 to 2021.

E. Data Analysis Method

Data analysis is performed using multiple regression to examine the relationships between the independent variables and the dependent variable, with the inclusion of the moderator variable. The data will be analyzed as balanced panel data. Descriptive statistical analysis will be conducted to measure the independent variables (CR, DAR, FATO, Total Asset, Realization of PNPB, Realization of POBO), the dependent variable (ROFA), and the moderator variable (realization of capital expenditures). Inferential statistical analysis will include model selection tests, classical assumption tests if necessary, calculating R² coefficients, simultaneous tests, and interaction tests of independent variables and moderators using Moderated Regression Analysis (MRA).

IV. RESULTS AND DISCUSSION

A. Descriptive Statistical Analysis

Descriptive statistical analysis is used to describe the sample in the study, including information about the mean, minimum, maximum, and standard deviation of each variable. In this study, the results of the descriptive statistical analysis are presented based on 124 observations.

Table 1 Result of Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Mean	Std.Dev.
ROFA(Y)	124	-0,0869	0,4473	0,0331	0,0607
CR(X1)	124	0,9747	2,689,149	476,882	596,744
DAR(X2)	124	0,0001	0,1183	0,0132	0,0217
FATO(X3)	124	0,0091	0,4726	0,1609	0,1061
Total Aset (Million Rp.) (X4)	124	48,18	6.258.848	1.819.380	1.764.487
PNBP(X5)	124	0,4893	35,426	11,395	0,4419
POBO(X6)	124	0,1273	13,864	0,7461	0,2911
Real_BM (Million Rp.) (Z)	124	1,426	282,256	58,703	60,119

Here is the explanation for each variable:

➤ Return on Fixed Asset (ROFA)

The ROFA values in the descriptive statistical analysis range from -0.09 to 0.45, with the minimum value belonging to BBLKM in 2021 and the maximum value to RSKRAP in 2019. The average ROFA value is 0.03, with a standard deviation of 0.06.

➤ Current Ratio (CR)

The CR values in the descriptive statistical analysis range from 0.97 to 268.91, with the lowest value in RSUP KM in 2018 and the highest in RSOSO in 2021. The average CR value is 47.68 times, with a standard deviation of 59.67 times.

➤ Debt to Asset Ratio (DAR)

The DAR values in the descriptive statistical analysis range from 0.00 to 0.12, with the lowest value in RSJMMB in 2019 and the highest value in RSUPDP in 2019. The average DAR value is 0.01, with a standard deviation of 0.02.

➤ Fixed Asset Turnover (FATO)

The FATO values in the descriptive statistical analysis range from 0.01 to 0.47, with the lowest value in RSKST in 2019 and the highest in RSUPDP in 2021. The average FATO value is 0.16, with a standard deviation of 0.11.

➤ Firm Size

The values of hospital and large health center unit size in the descriptive statistical analysis range from IDR 48,180 (in million) to IDR 6,258,848 (in million), with the lowest company size belonging to BBLKJ in 2018 and the largest company size belonging to RSUPFJ in 2021. The average firm size value is IDR 1,819,380 (in million), with a standard deviation of IDR 1,764,487 (in million).

➤ Achievement of Non-Tax State Revenue (PNBP) Realization

The values of PNBP realization achievement in the descriptive statistical analysis range from 0.49 to 3.54, with the lowest PNBP realization achievement in RSKST in 2019 and the highest in RSPISS in 2021. The average PNBP realization achievement is 1.14 times, with a standard deviation of 0.44 times.

➤ Achievement of Operational Revenue to Operational Expenditure (POBO)

The values of POBO achievement in the descriptive statistical analysis range from 0.13 to 1.3, with the lowest POBO achievement by RSKRAP in 2018 and the highest POBO achievement by RSUPSTK in 2021. The average POBO achievement is 0.75, with a standard deviation of 0.29 times.

➤ Achievement of Capital Expenditure Realization

The values of capital expenditure realization achievement in the descriptive statistical analysis range from IDR 1,426 (in million) to IDR 282,256 (in million), with the lowest capital expenditure realization achievement by BBKPM in 2019 and the highest by RSJPDHK in 2020. The average capital expenditure realization achievement is IDR 58,703 (in million), with a standard deviation of IDR 60,119 (in million).

B. Inferential Statistical Analysis

➤ Model Selection Test

The regression model selection test was conducted using the choices of Chow Test, Hausman Test, and LM Test, and the results of the tests are presented in the following table.

Table 2 Model Selection Test

Model Test	Hypothesis	Result	Research Model Selection
Chow-Test	H0 : Common Effect Model (Prob >0,05)	Prob 0,0018<0,05	Fixed Effect Model
	H1 : Fixed Effect Model (Prob <0,05)		
Hausman-Test	H0 : Random Effect Model (Prob >0,05)	Prob 0,4406>0,05	Random Effect Model
	H1 : Fixed Effect Model (Prob <0,05)		
LM-Test	H0 : Common Effect Model (Prob >0,05)	Prob 0,000<0,05	Random Effect Model
	H1 : Random EffectModel (Prob<0,05)		

The results of the Chow test indicate that the probability value is < 0.05, leading to the acceptance of H1. Therefore, the most appropriate regression model is the Fixed Effect Model (FEM). However, further verification with the Hausman test shows that the probability value is 0.4406, which is greater than 0.05. As a result, H1 is rejected, indicating that the most suitable model is the Random Effect Model (REM). Additionally, the Lagrange Multiplier Effect test was conducted to determine the best fit between the common effect model and the random effect model. The result of the Lagrange Multiplier Effect test shows that the probability value is < 0.05, which leads to the acceptance of H1 and the rejection of H0, confirming that the most appropriate regression model is the Random Effect Model (REM).

➤ Classical Assumptions Test

This study did not undergo classical assumptions tests because the selected model is the Random Effect Model (REM). In the random effect model, classical assumptions tests are not necessary as it is assumed that the Generalized

Least Square (GLS) estimation method can handle heteroskedasticity and autocorrelation.

➤ Panel Data Regression Analysis with Moderated Regression Analysis (MRA)

Panel data regression analysis was conducted to determine and analyze the relationships between each independent variable and the dependent variable. The study includes six independent variables, namely current ratio (CR), debt to asset ratio (DAR), fixed asset turnover (FATO), firm size (Ln total asset), healthcare service effectiveness (realization of PNBPN), and PSA autonomy level (realization of POBO). The dependent variable in this study is financial performance proxied by return on fixed asset (ROFA). The suitability test results indicated that the Random Effect Model (REM) is the most appropriate.

The results of the Moderated Regression Analysis (MRA) using the REM model are presented in the following table:

Table 3 Panel Data Regression Results With MRA Test

Variable	Coefficient	t-Statistic	Prob.
C	0.4824	0.1438	0.8859
CR(X1)	0.0007	0.3947	0.6938
DAR(X2)	-8.3535	-0.9380	0.3503
FATO(X3)	-1.8800	-1.0547	0.2939
LNTA(X4)	-0.0556	-0.4274	0.6699
PNBP(X5)	0.6772	2.2883	0.0240
POBO(X6)	1.6523	2.0593	0.0418
LnRealBM(M)	0.0193	0.1374	0.8910
LnRealBM_CR(X7)	-0.0000	-0.4109	0.6819
LnRealBM_DAR(X8)	0.3124	0.8732	0.3845
LnRealBM_FATO(X9)	0.0747	1.0198	0.3100
LnRealBM_LNTA(X10)	0.0009	0.1592	0.8738
LnRealBM_PNBP(X11)	0.0297	2.4224	0.0171
LnRealBM_POBO(X12)	0.0671	2.0197	0.0458
R-squared	0.5287		
AdjustedR-squared	0.4730		
F-statistic	9.4907		
Prob(F-statistic)	0.0000		

The Eviews results in Table 3. show the statistical calculations and regression model for the MRA (Moderated Regression Analysis) by including the moderator variable and the interaction between the independent variables and the moderator variable in the model. The regression equation is as follows:

$$ROFA = 0.4824 + 0.0007 * CR - 8.3535 * DAR - 1.8800 * FATO - 0.0556 * LnTA + 0.6772 * PNBP + 1.653 * POBO + 0.0193 * LnRealBM - 0.0000 * LnRealBM_CR + 0.3124 * LnRealBM_DAR + 0.0747 * LnRealBM_FATO + 0.0009 * LnRealBM_LnTA + 0.0297 * LnRealBM_PNBP + 0.0671 * LnRealBM_POBO$$

- The constant value (c) is 0.4824 with a significance of 0.8859, indicating that the constant is not significant at the 5% level. This means that when all other independent variables, such as current ratio, debt to asset ratio, fixed asset turnover, total asset (ln), PNB ratio, and POBO ratio, are at 0, the financial performance of the PSAunit, as represented by return on fixed asset, will increase by 0.4824.
 - The coefficient for the current ratio variable is 0.0007 with a probability of 0.6938, indicating that the current ratio variable is not significant at the 5% level. Changes in the current ratio do not affect the return on fixed asset of the PSAunit.
 - The coefficient for the debt to asset ratio variable is -8.3535 with a probability of 0.3503, which is greater than 5%, indicating that the debt to asset ratio variable is not significant in relation to financial performance (ROFA). Changes in the debt to asset ratio do not affect the return on fixed asset of the PSAunit.
 - The coefficient for the fixed asset turnover variable is -1.8800 with a probability of 0.2939, which is also greater than 5%, indicating that the fixed asset turnover variable is not significant in relation to financial performance (ROFA). Changes in the fixed asset turnover do not affect the return on fixed asset of the PSAunit.
 - The coefficient for the total asset variable (in natural logarithm form) is -0.0556 with a probability of 0.6699, which is again significant above 5%, indicating that the firm size variable is not significant and does not have a negative relationship with financial performance (ROFA). Changes in the total asset of the PSAunit do not have an impact on the return on fixed asset.
 - The coefficient for the realization of PNB ratio is 0.6772 with a probability of 0.0240, which is significant below 5%, indicating the significance of the effectiveness level of services represented by the realization of non-tax state revenues owned by the PSAunit. An increase in non-tax state revenues leads to an increase in the financial performance of the PSAunit, as measured by return on fixed asset.
 - The coefficient for the realization of POBO is 1.6532 with a probability of 0.0418, which is significant below 5%, indicating that the POBO ratio has significance on financial performance (ROFA). An increase in the POBO ratio indicates that the PSAHealth unit is able to finance all operational activities, both from internal sources and government-provided goods and services. This results in an increase in the level of autonomy of the PSAHealth unit, and the higher the autonomy, the better the financial performance as represented by return on fixed asset (ROFA).
 - The coefficient for the realization of capital expenditure has a value of 0.0193 with a probability of 0.8910, which is not significant at the 5% level, indicating that the amount of investment value of capital expenditure successfully realized in the fiscal year does not have significance on the financial performance of the PSAunit, as measured by return on fixed asset.
 - The coefficient for the interaction between the current ratio variable and the realization of capital expenditure has a value of -0.000 with a probability significance level of 0.6819 > 5%, indicating that the realization of capital expenditure is not able to moderate the influence of the current ratio on the financial performance of the PSAunit.
 - The coefficient for the interaction between the debt to asset ratio variable and the realization of capital expenditure has a value of 0.3124 with a probability significance level of 0.3845 > 5%, indicating that the realization of capital expenditure is not able to moderate the influence of the debt to asset ratio on the financial performance of the PSAunit.
 - The coefficient for the interaction between the fixed asset turnover variable and the realization of capital expenditure has a value of 0.0747 with a probability significance level of 0.3100 > 5%, indicating that the realization of capital expenditure is not able to moderate the influence of the fixed asset turnover on the financial performance of the PSAunit.
 - The coefficient for the interaction between the total asset and the realization of capital expenditure has a value of 0.0049 with a probability significance level of 0.8738 > 5%, indicating that the realization of capital expenditure is not able to moderate the influence of the total asset of the PSAon the financial performance of the PSAunit.
 - The coefficient for the interaction between the PNB ratio and the realization of capital expenditure has a value of 0.0297 with a probability significance level of 0.0171 < 5%, indicating that the realization of capital expenditure is able to moderate and strengthen the influence of the PNB ratio on the financial performance of the PSAunit.
 - The coefficient for the interaction between the POBO ratio and the realization of capital expenditure has a value of 0.0671 with a probability significance level of 0.0458 < 5%, indicating that the realization of capital expenditure is able to moderate and strengthen the influence of the POBO ratio on the financial performance of the PSA unit.
- *Coefficient of Determination (R-Square)*
- The coefficient of determination in Table 4.3 for the MRA model is 0.5287 or 52.87%, indicating that the independent variables, namely current ratio, debt to asset ratio, fixed asset turnover, total asset, PNB ratio, and POBO ratio, and the moderator variable, namely the realization of capital expenditure of the PSAunit, collectively influence the financial performance, which is represented by return on fixed asset (ROFA), by 52.87%. The remaining 47.13% is influenced by other variables that were not tested in the study, such as regulations governing healthcare service tariffs, policies of each PSAunit, and subsidies provided by the government to achieve the social objectives of the PSA.
- *Simultaneous Significance Test (F-test)*
- The F-statistic coefficient is 9.4907 with a probability of 0.0000, which is significant below 5%. This indicates that collectively, the liquidity, solvency, activity ratios, firm size, level of service effectiveness, and level of autonomy, as well as the realization of capital expenditure, successfully influence the financial performance of the PSAHealth unit.

C. Discussion

➤ *The Effect of Current Ratio on Return on Fixed Asset*

The current ratio (CR) does not have a significant effect on ROFA in the PSAHealth unit. Theoretically, a higher CR indicates better financial performance for the PSAunit, as it shows the ability to meet short-term obligations with its current assets. However, during the period from 2018 to 2021, the financial performance of the PSAHealth unit experienced ups and downs. Despite having significant assets, it did not result in an increase in revenue for the PSAHealth unit. This finding is in line with the study by Sulaksono et al. (2017), where liquidity ratios were found to be insignificant in relation to the financial performance of PSAHospitals in Jabodetabek. However, it contradicts the findings of the study by Handayani (2019). Similarly, the study by Mustafa and Marsoem (2021) indicated that a higher liquidity ratio leads to better financial performance for companies, ensuring that current debts can be paid.

➤ *The Effect of Debt to Asset Ratio on Return on Fixed Asset*

The debt to asset ratio (DAR) does not have a significant effect on return on fixed asset. Theoretically, higher debt levels in an organization are associated with lower financial performance. Thus, debt and financial performance have an inverse relationship. The debt held by the PSAHealth unit includes short-term and long-term debts, as well as prepaid income. However, significant long-term debts are rarely found. With manageable asset values, the DAR ratio can be considered relatively small, and thus, it does not affect the financial performance.

This result is consistent with the study by Handayani (2019), which found that solvency did not affect the financial performance of hospitals in Balikpapan. However, it contradicts the study by Faustina (2018), which examined the financial performance of hospitals in Indonesia and Thailand. Additionally, Nevola (2016) found that debt utilization has a significant negative impact on hospital profitability. Increasing the debt managed by a hospital reduces profitability.

➤ *The Effect of Fixed Asset Turnover on Return on Fixed Asset*

Fixed asset turnover (FATO) does not have a significant effect on ROFA. The FATO value indicates the revenue generated from the utilization of fixed assets owned by the PSAunit. If the utilization of fixed assets can be optimized, it will result in increased revenue for the PSAunit. However, an increase in revenue may be accompanied by increased costs in other areas, which must be carefully managed to avoid higher expenses than revenue for the PSAHealth unit. Furthermore, in managing finances independently, PSAmargins are influenced by the number of services provided and the payment policies of social insurers. The shift from retrospective to prospective healthcare services serves as an indicator that not all services will be fully reimbursed and will increase revenue and profit for the PSAHealth unit. The extent of utilization should be accompanied by cost control and quality control to enhance financial performance. This result is consistent

with the study by Indawati, Anggun, and Anggraini (2021), which found that the activity ratio did not affect company performance. However, it contradicts the study by Gunardi et al. (2020), which found that fixed asset turnover affects the financial performance of Al Ihsan Hospital in Bandung.

➤ *The Effect of Firm Size on Return on Fixed Asset*

The total asset, converted to natural logarithm form, does not have a significant effect on ROFA. The total assets of the PSAhospitals and health centers should be utilized as facilities to serve the community, which should result in recognized revenue for the health unit. However, managing large assets in PSAentities is also accompanied by high maintenance and repair costs, which can reduce revenue for the hospitals. As a result, a negative relationship exists. This finding is supported by Miszczyńska (2021), which found that firm size does not affect the financial performance of hospitals, but it contradicts the study by Sulaksono et al. (2017), which found that the size of PSAentities in terms of total assets significantly and positively affected the financial performance of the PSAHealth units.

➤ *The Effect of the Realization of PNB on Return on Fixed Asset*

The realization of Non-Tax State Revenue (PNBP) has an influence on the Return on Fixed Assets (ROFA) of PSAHealth Institutions. This demonstrates that higher state revenue generated from operational activities will affect the financial performance of both hospitals and large public health centers (PSA). This finding aligns with a study conducted by Antari and Sedana (2018) that investigated the impact of non-fiscal revenue on financial performance. The results of their research indicate that the realization of local revenue has a positive effect on financial performance and reduces dependency on government funding.

➤ *The Effect of the Realization of POBO on Return on Fixed Asset*

The realization of POBO has a significant effect on ROFA in the PSAHealth unit. The level of autonomy is measured by the amount of revenue recognized by the PSAunit from services provided, excluding government contributions in the form of the national budget (APBN) used to finance all operational and capital expenditures. Effective expenditure management will result in returns in the form of profits for the PSAunit. The higher the POBO value, the better the financial performance of the hospital. This indicates that the government is considering that PSAunits can be fully independent without relying on government funding. As a result, APBN funds can be allocated for other needs according to the government's National Medium-Term Development Plan (RPJMN). This finding is supported by Ben Aissa & Goaid (2016), who studied financial performance in the hotel sector, finding that profitability can increase if accompanied by cost efficiency. All revenues generated by hotel operations can cover all operational costs. Additionally, Susandra et al. (2017) found that increasing autonomy indicated better financial performance in RSUD Ciawi in 2014. Higher autonomy scores indicate less dependence on government funds, resulting in improved financial performance.

However, other studies, such as that by Mursid (2022), found that POBO does not have a significant effect.

➤ *The Moderating Effect of Capital Expenditure Realization on the Relationship between Current Ratio and Return on Fixed Asset*

The capital expenditure realization of the PSAunit does not moderate the relationship between the current ratio and ROFA. Effective capital expenditure realization, in line with proper planning according to the needs, can boost revenue. However, during difficult times like the pandemic, where there are limitations on non-COVID services, many non-COVID services are forced to be limited or temporarily closed. This impacts the suboptimal utilization of the PSAHealth unit's assets and equipment.

➤ *The Moderating Effect of Capital Expenditure Realization on the Relationship between Debt to Asset Ratio and Return on Fixed Asset*

The capital expenditure realization of the PSAunit does not moderate the relationship between the debt to asset ratio and ROFA. Proper planning and realization of capital expenditure according to the needs can boost revenue. The value of capital expenditure realization will affect the total fixed assets owned by the company. The higher the total fixed assets owned by the PSAunit, the smaller the risk of unpaid obligations. However, in the period from 2018 to 2021, the majority of capital expenditure was financed by internal funds from both reallocated budget funds and PNB. As a result, it did not significantly impact the solvency ratio regarding the use of debt, indicating that the solvency of the PSAHealth unit remains strong.

➤ *The Moderating Effect of Capital Expenditure Realization on the Relationship between Fixed Asset Turnover and Return on Fixed Asset*

The capital expenditure realization does not moderate the relationship between fixed asset turnover and ROFA. The need for renewal of medical equipment or new facilities to meet increasing service demands in hospitals and PSAhealth centers affects capital expenditure realization. Proper planning and realization of capital expenditure according to the needs can boost revenue. The value of capital expenditure realization will affect the utilization of assets. The larger the capacity of asset utilization, the faster the examinations provided to the public, potentially generating more revenue. However, if the priority is only to absorb the budget, investing in equipment without proper planning will lead to suboptimal investment. As a result, the targeted volume may decline significantly, while maintenance and repair costs increase sharply, suppressing hospital profits. Referring to the theory of resource-based view, when PSAunits can optimally utilize their resources, they can achieve competitive advantages, thereby providing service and financial benefits for the PSAunits. Proper equipment planning is essential to avoid overinvestment, which can impact the financial performance of the PSAunits.

➤ *The Realization of Capital Expenditure does not Moderate the Effect of Company Size on ROFA.*

Several reasons underlie the lack of significant interaction in this regression equation. It could be due to overinvestment experienced by PSAunits, where the addition of investment in capital expenditure is not accompanied by the ability to optimize asset utilization, especially during the COVID pandemic period with service restrictions. Impulsive equipment procurement may not be a wise approach to increasing revenue for hospitals.

➤ *The Realization of Capital Expenditure Moderates the Effect of PNB Realization on ROFA.*

The interaction between capital expenditure and PNB realization strengthens financial performance, indicating that successfully realized capital expenditure provides opportunities for PSAunits to replace damaged equipment, increase the capacity of services, or open new services for the development of new disease disciplines. Proper planning in determining the needs of capital expenditure in the next fiscal year should be followed by ensuring that medical equipment or other investments can enhance revenue for hospitals and large public health centers (PSA). With increased PNB, PSAunits are considered capable of managing their resources along with other resources, such as highly skilled and competent healthcare workers, leading to achieving PNB targets in line with improved financial performance. This aligns with the grand theory of this study, the RBV theory, which states that an institution can excel in competition by optimizing its resources.

➤ *The Realization of Capital Expenditure Moderates the Effect of POBO Realization on ROFA.*

PSAunits are deemed self-sufficient when all expenses can be covered by revenues generated from services and non-service activities, excluding government contributions. However, there is an optimal limit to the expenses that can be borne, and the more efficient the spending is, the better the financial performance will be. Excessive spending with the aim of achieving higher revenues without proper planning and analysis may have adverse effects on financial performance.

V. CONCLUSIONS AND RECOMMENDATIONS

Based on the conducted tests, the following conclusions can be drawn: the realization of PNB and POBO has a significant positive effect on financial performance, while the current ratio, debt to asset ratio, fixed asset turnover, and total asset do not affect the financial performance of PSAhealthcare units. Capital expenditure realization can moderate and strengthen the effect of PNB and POBO, but it does not strengthen the current ratio, debt to asset ratio, fixed asset turnover, and total asset.

For PSAunits, this research can serve as valuable input, suggestions, and references in managing and improving financial performance without compromising the social function of PSAitself. Additionally, this study can be used as guidance and references for policymakers when planning

to provide investment assistance to PSA units, considering that capital expenditure realization in this research almost moderates all variables, and the level of healthcare service effectiveness and autonomy has relatively higher regression values compared to others.

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