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Factors Affecting Performance and Growth of Food Sector BUMD Jakarta Province

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Abstract. This study identifies factors that improve the food sector BUMDs in Jakarta province's performance and growth through a quantitative approach using SEM-PLS data analysis. The research was motivated by the consistent under-performance of the BUMDs in Indonesia. Respondents were 98 employees from middle to top-level management positions in three food BUMDs in Jakarta. The 12 main indicators were divided into five variables in the measurement model, including management, organization, human resources, finance and technology mastery. Among the five variables used in the structural model, only finance significantly affected the BUMD business's performance and growth. Contrastingly, management, organization, human resources and mastery technology do not significantly improve business performance and growth. Therefore, companies and the Provincial Government need to evaluate and improve capital structure and business volume growth. Due to increased company profitability, the multiplier effect improves business growth and performance.

Keywords: Corporate performance, corporate growth, BUMD, SEM-PLS

INTRODUCTION

Regionally-owned Business Enterprises (BUMD) refers to entities who's entire, or most capital percentage is contributed by the Regional Government (article one of Law No. 23 of 2014 concerning Regional Government, PP No. 54 of 2017 concerning BUMD). The Regional Government holds the rights to all business assets and determines BUMD policy.

There are three objectives of BUMD implementation, including developing the regional economy, providing quality goods and services in accordance with good corporate governance and making profits as a PAD source (Article 331 paragraph 4 of Law No. 23/2014 & article seven of PP No. 54/ 2017).

According to Muda (2017) and Budhisulistyawati et al. (2015), BUMDs are affected by nine problems, including weak management capabilities and venture capital, obsolete machinery and equipment, lack of service and marketing proficiencies, coordination between BUMDs, low productivity and quality, high administrative costs, loss of BUMD liquidation, overlapping sectoral arrangements and challenges of supervision and guidance. BUMD has not provided a significant contribution to the Regional Own-Source Revenue (PAD). There have been more contributions in the form of Regional Government Capital (PMD) than benefits obtained. The development of the regional economy and public benefits have not yet reached public expectations (BPKP 2014).

BUMDs that continue to suffer losses with poor performance must be liquidated to reduce the burden on APBD. However, businesses can be professionally designed with management and growth strategies and proper corporate restructuring to perform well (Hassard et al. 2010; Zhao et al. 2016; Hai and O'Donnell 2017; Nguyen 2003; Caiden and Kim 1993; Liu 2017, Bhatt 2016).

This study analyzes the internal and external business environment factors that affect food BUMDs in Jakarta.

Literature Review

This study identifies the internal and external business environment factors that affect company performance using relevant literature. Internal factors are aspects that can be controlled by the company, while external is out of reach (Canals 2001, Porter 1998, David 2011, Ward and Pepard 2002). The identification literature results were used to analyze the factors affecting the performance and growth in Jakarta's food sector BUMDs.

There are 12 internal factors, including Good Corporate Governance (GCG), Company Capability, Competitive Advantage, Multi Objectives, Alliance Ability, Human Resource Capacity, Capital Structure and Business Volume (KNKG 2004; Asaari 2000; Wong 2004; Santosa 2011; Liang et al. 2015; Rizal 2007; Putnins 2015; Widjajanti 2012; Arasa and K'Obonyo 2012). Contrastingly, external company factors include Restriction on Political Intervention, Company Control, Role of Government, Market Environment and Conditions (Asaari 2000; Liang et al. 2015; Budhisulistyawati et al. 2015; Siswaji et al. 2013; Okhmatovskiy 2010; Yu 2013).

These factors are classified into five specific dimensions for three BUMDs food sector, as shown in Table 1. The classification of the main categories is performed according to Canals' (2010) dimensional indicators, which states that the company succeeds in seven dimensions. These dimensions are then modified into five, including management, operational organization, human resource, financial performance and technology mastery (customer, society).

Table 1. Classification of factors affecting the performance of state companies

No	Dimensions	Scope of Indicators	References
1	Management (MAN)	Good Corporate Governance (MAN I), State company control (MAN II), Alliance Capability (MAN III), Environment/Market Conditions (MAN IV)	Bower 2017, FGGI 2001, Kamal 2010, Yu 2013, Liang *et al.* 2015, Harrigan 1988, Slowinski and Sagal 2003, Stoner 1995, Santosa 2011
2	Organization Operational (ORG)	Role of Central Government (ORG I), Multi Purpose Company (ORG II)	Songling *et al.* 2018, Guan *et al.* 2009, Law No. 23 Year 2014, Government Regulation No. 54 Year 2017
3	Human Resource (SDM)	Political Intervention (HR I), HR Capacity (HR II)	Wong 2004, Radon and Thaler 2009, Chen 2016, Wang and Wang 2013, Tanoira and Valencia 2014
4	Financial Performance (KEU)	Company Capital Structure (KEU I), Company Business Volume (KEU II)	Riyanto 2008, Pouraghajan *et al.* 2012, Gitman and Zutter 2012, Jones 2012
5	Mastery of Technology (TEK)	Company Capability (TEK I), Competitive Advantage (TEK II)	Porter 1998, Suprihatini and Maarif 1999, Harrison and Samson 2002

Good corporate governance (GCG) controls a company's way of acting and decision making. According to FCGI (2001), GCG refers to a mechanism and a structure in managing a company. Companies need a well-designed GCG structure to overcome undue and politically motivated ownership interference (Bower 2017). Kamal 2010 stated that the implementation of GCG in BUMD creates more transparent management leading to a better and more dependable company. Therefore, the following hypothesis can be drawn.
H1: Corporate governance can describe the dimensions of management.

Wong (2004) stated that state companies' performance is influenced by the intervention of government institutions in activities such as setting goals and targets, appointing directors, monitoring company performance and responding to challenges. It is necessary to limit political intervention to prevent vested attention and conflict of interest (CoI) that interfere with human resources' independence (Radon and Thaler, 2009; Chen, 2016; Wang and Wang, 2013). Therefore, a hypothesis can be drawn, as shown below.
H2: The limitation of political intervention is able to describe the dimensions of HR.

The government's primary role is to develop the general economy, attain an equitable and prosperous society, and raise funds to finance state companies. To achieve these objectives, the government issues policies and supervises the management and performance of state companies. Songling et al. (2018) stated that financial support and non-financial have a significant influence on an organization's smooth operation. According to Guan et al. (2009), manufacturing companies in China that have received support from the government perform better through an accreditation system. Consequently, the following hypothesis can be drawn.
H3: The role of government is able to describe the operational dimensions of the organization.

Company capability refers to the capacity to use all integrated resources to achieve long term goals. According to Porter (1998), through technology the company's capacity will be greater and the resources will be used more effectively and efficiently. A company's production capacity increases when using efficient technology, as illustrated in the hypothesis below.
H4: Company capability is able to describe the dimensions of technology.

Porter (1998) stated that technology increases competitive advantage by determining the relative cost position or differentiation. Therefore, the better the technology a company uses, the more competitive the company becomes. This result is in line with Suprihatini and Maarif (1999) and Harrison and Samson (2002), which stated that mastery technology is a critical factor in a company's competitive advantage. Therefore, a hypothesis can be drawn, as stated below.
H5: Competitive advantage describes the dimensions of technological mastery.

Yu (2013) and Liang et al. (2015) established that split share structure reform in China is positively correlated with state enterprises' performance. Commissioners' remuneration and ownership in state-owned companies positively influence goals. This resulted in better corporate management and control is conducted. Therefore, a hypothesis can be drawn, as stated below.
H6: Company control describes the management dimension.

BUMD was initially formed with three objectives, including regional economic development, quality goods and services provision for the fulfillment of people's livelihoods and good corporate governance

as well as PAD profit increase (Law No. 23 of 2014 and PP No. 54 of 2017). To achieve these goals, it is necessary to formulate the proper operations. Mutual support and complementarity in the activities conducted by company units is crucial in objective achievement. All operational activities should be aligned with company goals to ensure efficiency and effectiveness. From this conceptual study, a hypothesis was developed, as stated below.
H7: Multi-purpose is able to describe the operational dimensions of the organization.

An alliance refers to cooperation between companies to achieve long term objectives. It is a strategy to achieve business growth by borrowing other companies' capabilities, including knowledge, technology and resource sharing. There is a need for in-depth thinking about the structure, details, and appropriate management strategy to conduct and manage the alliance optimally. Accuracy in alliance organizations is proved by proper management such that the more useful an alliance is, the more precise management operates (Harrigan 1988, Slowinski and Sagal 2003). Management refers to planning, organizing, controlling, and leading the various efforts of members of an organization and using all available resources to achieve the goals set (Stoner 1995). Hence be drawn as follows.
H8: The alliance's ability is able to describe the management dimension.

When a company has better management in knowledge, skills, behavior, and work ethic, it increases the possibilities of adapting to its environment, survive and grow, create competitive advantages (Tanoira and Valencia 2014). It indicates that if the company's HR capacity increases, the company's HR will also increase. Thus, a hypothesis can be drawn, namely:
H9: Human resource capacity is able to describe the dimensions of HR.

Santosa (2011) concluded that East Java BUMD is challenging to rely on to become a policy instrument for controlling price and market fluctuations with low market control. Similarly, inefficiency in management leads to an increase in the East Java Provincial Government's budget burden. Therefore, the environmental control and market conditions are related to how well management adjusts to its mission and strategy in response. Changes in the market environment will drive management changes in the following hypothesis.
H10:Environment and market conditions are able to describe the dimensions of management.

Capital structure refers to a balance or comparison between external (long-term) investment and own capital (Riyanto 2008). Changes in capital structure have a direct impact on the company's financial position. Pouraghajan et al. (2012) stated that capital structure affects companies' ability and resilience, mostly when the debts are huge. The optimal capital structure will reduce capital costs borne by the company (Gitman and Zutter 2012). Therefore, a healthy capital structure guarantees great financial ability. Factors affecting capital structure include asset structure, growth opportunity, company size, profit, and business risk. Therefore, a hypothesis can be drawn as follows:
H11:Capital structure is able to describe the dimensions of financial performance.

A company's financial performance is influenced by the volume of business and its capital. According to Jones (2012), a significant volume and company capital positively influences finances. The business volume is measured by the total sales value or the company's total revenue value. Therefore, a hypothesis can be drawn as follows.
H12:Business volume is able to describe the dimensions of financial performance.

According to Safarova (2010), management has a relatively small effect on company performance. Liao (2011) stated that management control influences company performance. Consequently, a hypothesis can be drawn as follows.
H13:Management has a significant effect on the performance of BUMD.

Total resources used are determined by the effectiveness and efficiency of the company's operations. According to Purwoko (2013), company operation positively influences performance. The measure of performance can be determined by how well the company operates. Therefore, a hypothesis can be drawn as follows.
H14:Organizational operations have a significant effect on BUMD performance

The failure or success of a company is determined by human resources performance. A company could fail with the best resources but lack the best human resources. Therefore, company performance is greatly influenced by its human resources' quality and capability (Thompson and Martin 2005). Therefore, a hypothesis can be drawn as follows.
H15: Human Resources have a significant effect on the performance of BUMD.

Financial performance measures the company's performance from profit, growth, and shareholder value. Seelanatha (2011) stated that the capital structure and company size affect profitability directly influences performance. This is in line with Nurlaela and Wahyuningsih (2016) which concluded that company size affected performance. The following hypothesis can be drawn.
H16:Financial performance has a significant effect on the performance of BUMD.

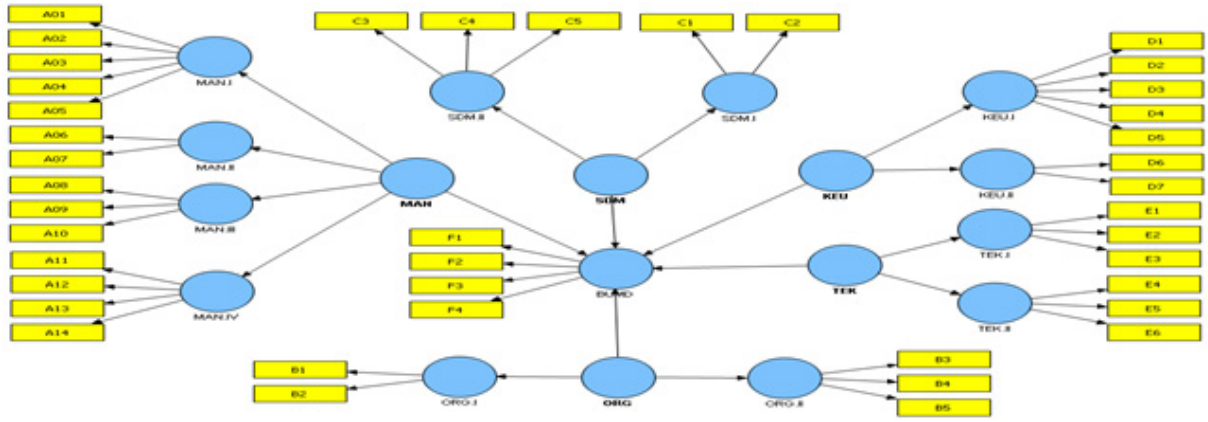
Mastery of technology positively influences

company performance (Martínez-Caro et al., 2018). According to Ince et al. (2016) and Ansoff et al. (2019), mastery of technology affects company performance because it helps create a competitive advantage. Innovativeness enables companies to respond quickly to change, obtain technological strategies and achieve results. With the technology, companies access the necessary information and take market opportunities, which increases performance and competitiveness. The following hypothesis can be drawn.

H17:Mastery of technology has a significant effect on the performance of BUMD.

From all of the above hypotheses, the following model formulations are proposed:

Figure 1. Model of the relationship between structural models and measurement models



RESEARCH METHOD

The research objects were three food sector BUMDs in Jakarta, including Perumda Pasar Jaya, PD Dharma Jaya and PT Food Station Tjipinang Jaya (FS company). This study categorized the three BUMDs based on several considerations, such as mandatory government affairs (Jakarta Governor Regulation Number 6 of 2018). Also, the establishment of objectives related to food security, specifically the fulfillment of basic needs by traders to consumers. Other considerations include Jakarta Regional Regulation No.1 of 2018 classifications, PD Dharma Jaya and Tjipinang Jaya Food Station are engaged in the downstream food business and the three entities' practices.

Data included primary and secondary categories collected using surveys, specifically questionnaires distributed to the management of the three purposively sampled BUMDs. The questionnaires were designed using a five-point Likert scale, ranging from 'very much disagree' to 'very much agree.'

Secondary data was collected from several literature studies, including official reports of the respective institutions such as the Bureau of Economy, BP BUMD PM, and the other research objects.

The number of respondents was based on calculations derived from 10 times the highest number of formative indicators in a variable (Hair et al. 2014). Figure 1 shows that the highest number of indicators in a variable was the endogenous latent variable or 5. Therefore, the ideal number of respondents was 5x10= 50 people. The sampling technique used was the purposive technique, which is determined by certain considerations. Respondents were from middle to highest management level, specifically the supervisor, manager/division head, division head to the directors/ commissioners/supervisory boards of BUMD. These considerations were based on the assumption that managers understood BUMD problems comprehensively.

This study involved 98 management level employees from three food BUMDs in Jakarta, as shown in Table 2.

The respondents' age characteristics were divided into five categories, including 27 people who were unwilling to fill in the respondent's age column (Table 3). From the remaining 71%, 40-49 and 30-39 years were 26.5% and 22.4%. There was only one respondent aged 60 years or in the retirement age. This is in line with the BPS (2014), which explained that the productive age ranges from 15 - 64 years.

Table 2. Distribution of respondents based on BUMD

BUMD	Number of Respondents	%
FS Company	42	42.9
PD. Dharma Jaya	24	24.5
Perumda Pasar Jaya	32	32.7

Gender characteristics could not be analyzed because 4 respondents were unwilling to fill in the questionnaire's column. However, the data showed that management employees in Jakarta food BUMDs are dominantly male, as shown in Table 4.

The education categories started from high school and 71.4% of respondents were bachelor graduates. This shows that the majority of employees at the management level were bachelor graduates from various tertiary institutions. Therefore, BUMD has

Table 3. Age distribution of respondents

Age (year old)	Number of respondents	%
< 30	6	6.1
30 - 39	22	22.4
40 - 49	26	26.5
50 - 59	16	16.3
≥ 60	1	1.0

Table 4. Characteristics of respondents based on gender

Gender	Number of respondents	%
Male	68	69.4
Female	26	26.5

qualified employees and has fulfilled supervisory-level requirements.

Table 5 shows that there were only three respondents who graduated from a diploma or academy. Also, three respondents did not fill in the education level column in the questionnaire. There were 68 respondents who filled the experience column. Table 6 shows that 33.7% of respondents had less

Table 5. Characteristics of respondents based on the education level

Education level	Number of respondents	%
Senior high school	7	7.1
Diploma	3	3.1
Graduate	70	71.4
Post graduate	15	15.3

or a five-year working experience. Conclusively, the majority of management-level employees at food enterprises in Jakarta have less than five-year working experience. There are only four employees who had 30 years of working experience.

The SEM-PLS was used to determine factors that affect the performance in three food sector BUMDs by using 12 previously identified indicators grouped into five main issues. There were 41 manifest variables identified from 12 exogenous or first order, five exogenous or second order and one endogenous latent variable.

Table 6. Characteristics of respondents based on work experience

Work experience (year)	Number of respondents	%
≤ 5	33	33.7
6 - 10	6	6.1
10 - 14	2	2.0
15 - 19	8	8.2
20 - 24	9	9.2
25 - 29	6	6.1
≥ 30	4	4.1

The SEM-PLS was based on several considerations, including limited sample size and the intention to test the predictive relationship between constructs. PLS produces a reliable output for a limited sample size starting from 20 subjects (Chin, 1998; Chin and Newsted, 1999). According to Hair et al. (2014), the predictive relationship can be tested in PLS without a strong theoretical basis.

RESULT AND DISCUSSION

Result

The measurement model applied three connecting techniques, including convergent and discriminant validity and composite reliability. According to Hair et al. (2014), a model meets convergent validity requirements when each indicator has a Standardized Factor Loading (SFL) value above 0.70 and each construct has an Average Variance Extracted (AVE) value of 0.50 or more.

The results showed that all variables had an adequate level of validity and reliability. Detailed results per dimension are shown in Table 7 to Table 11.

Table 7 shows that two indicators did not meet the requirements of convergent validity, particularly the company's control and market environment, which had a SFL value of 0.47 and 0.63. However, since these indicators had a t-count above 1.64 and did not reduce AVE / CR's value, they were maintained (Hair et al., 2014).

Construct Validity and Reliability was conducted by checking Average Variance Extracted (AVE) and Composite Reliability (CR) values. Construct Validity and Reliability requirements were met when each construct scored an AVE value greater

Table 7. Management Dimension

Dimension	SFL	t-count	AVE	CR	Conclusion
	Second Order Model				
Management (MAN)			**0.75**	**0.92**	**Good Validity Good reliability**
Good Corporate Governance (GCG)	0.91	31.48			Good Validity
Company Control	0.87	27.46			Good Validity
Alliance Ability	0.87	22.41			Good Validity
Market Environment & Conditions	0.80	12.37			Good Validity
	First Order Model				
GCG (MAN I)			**0.80**	**0.95**	**Good Validity Good reliability**
Openness	0.92	45.02			Good Validity
Akuntabilitas	0.93	48.85			Good Validity
Responsibility	0.83	16.85			Good Validity
Independence	0.89	32.43			Good Validity
Fairness	0.89	30.89			Good Validity
Company Control (MAN II)			**0.57**	**0.70**	**Good Validity Good reliability**
State ownership / monev (monitoring and evaluation)	0.47	2.05			Good Validity
Company executive capabilities	0.96	32.47			Good Validity
Alliance Ability (MAN III)			**0.77**	**0.91**	**Good Validity Good reliability**
The amount of the partner network	0.80	11.52			Good Validity
Manager competence	0.93	40.74			Good Validity
Company experience	0.89	27.78			Good Validity
Market Environment & Conditions (MAN IV)			**0.59**	**0.85**	**Good Validity Good reliability**
Employees	0.83	14.73			Good Validity
Customer	0.85	13.95			Good Validity
Suppliers	0.74	9.87			Good Validity
Other competing companies	0.63	8.13			Good Validity

than 0.50 and a CR greater than 0.70. Consequently, Corporate Governance, Company Control, Alliance Capability, and Market Environment Conditions positively affected management. Therefore, improving the quality of these indicators increases the quality of company management.

Table 8. Organization Dimensions

Dimension	SFL	t-count	AVE	CR	Conclusion
		Second Order Model			
Organization			**0.75**	**0.86**	**Good Validity Good Reliability**
Role of Government	0.82	12.15			Good Validity
Multi Purpose	0.91	35.82			Good Validity
		First Order Model			
Role of Government (ORG I)			**0.89**	**0.94**	**Good Validity Good Reliability**
Formulation of regulations / policies	0.95	61.21			Good Validity
Supervision	0.94	40.89			Good Validity
Multi Objective (ORG II)			**0.76**	**0.91**	**Good Validity Good Reliability**
Profit alone	0.85	19.86			Good Validity
Economic development	0.93	46.90			Good Validity
Public benefit	0.83	14.89			Good Validity

The organizational dimension consisted of two indicators, including the role of the central government and multi-objective. Table 7 shows that all indicators in organizational and management dimensions meet the convergent validity requirements since there was no SFL value below 0.70 and the t-count was above 1.164. Similarly, for the analysis of construct validity and reliability, all indicator and dimension requirements were met. The two indicators had a relationship and a significant positive effect on the organization. Therefore, the two indicators can be used to improve aspects of the company organization, especially Multi-Objective, which is the indicator with the largest loading value.

In human resources, the lowest SFL was shown by capacity with a value of 0.80. All indicators and dimensions of human resources meet the requirements of convergent validity with t-counts above 1.64. AVE values for all indicators and dimensions were also above 0.50 and CR were above 0.70, meaning construct validity and reliability requirements were met. Both indicators showed influenced human resources positively, especially Capacity, which had the largest loading value.

The financial dimension met all validity and reliability requirements with a minimum SFL value of 0.84 and all t-counts above 1.64. The capital structure indicator had the lowest AVE value but still met the requirements since 0.77 is greater than 0.50. Additionally, the CR value owned by the financial dimension was entirely above 0.70. Capital Structure and Business Volume had a significant positive effect on Financial aspects. Therefore, improving both indicators, especially Capital Structure, which had the largest loading value, increases company financial aspects.

Table 9. Human Resources Dimensions

Dimension	SFL	t-count	AVE	CR	Conclusion
		Second Order Model			
Human Resources			**0.83**	**0.91**	**Good Validity Good Reliability**
Restriction on Political Intervention	0.89	42.26			Good validity
HR Capacity	0.93	48.29			Good validity
		First Order Model			
Restriction on Political Intervention (SDM I)			**0.93**	**0.97**	**Good Validity Good Reliability**
Election of directors	0.96	74.89			Good validity
Election of commissioners / supervisory boards	0.97	106.10			Good validity
HR Capacity (SDM II)			**0.74**	**0.89**	**Good Validity Good Reliability**
Knowledge	0.90	23.02			Good validity
Skills	0.87	25.47			Good validity
Work behavior / ethics	0.80	11.42			Good validity

Table 10. Financial Performance Dimensions

Dimension	SFL	t-count	AVE	CR	Conclusion
		Second Order Model			
Finance			**0.90**	**0.95**	**Good Validity Good Reliability**
Capital Structure	0.98	179.66			Good Validity
Business Volume	0.92	49.26			Good Validity
		First Order Model			
Capital Structure (KEUI)			**0.77**	**0.94**	**Good Validity Good Reliability**
Asset structure	0.84	21.13			Good Validity
Growth opportunity	0.91	27.46			Good Validity
Company size	0.89	29.45			Good Validity
Profitability	0.85	19.32			Good Validity
Business risk	0.91	33.17			Good Validity
Business Volume (KEU II)			**0.92**	**0.96**	**Good Validity Good Reliability**
Total sales	0.96	110.69			Good Validity
Total revenue	0.96	95.25			Good Validity

The SFL and the t-count values in the technology were above 0.70 and none was below 1.64, which shows they met the convergent validity requirements. Construct validity and reliability analysis requirements were fulfilled because each instrument's AVE value was above 0.50, and there was no CR value less than 0.70.

Company Capability and Competitive Advantage had a positive relationship and influence on technology. Improving the two indicators, especially Competitive Advantage, which had the largest loading value, increases technology mastery.

Table 11. Mastery of Technology Dimensions

Dimension	SFL	t-count	AVE	CR	Conclusion
		Second Order Model			
Mastery of Technology			**0.91**	**0.95**	**Good Validity Good Reliability**
Company Capability	0.95	59.57			Good Validity
Competitive Advantage	0.96	85.12			Good Validity
		First Order Model			
Company Capability (TEK I)			**0.71**	**0.88**	**Good Validity Good Reliability**
Employee morale	0.88	31.35			Good Validity
Employee discipline	0.78	8.83			Good Validity
Relations with stakeholders	0.87	24.20			Good Validity
Competitive Advantage (TEK II)			**0.78**	**0.91**	**Good Validity Good Reliability**
Not owned by competitors	0.88	28.11			Good Validity
Doing better	0.91	32.63			Good Validity
Doing what a competitor is unable to do	0.86	26.73			Good Validity

Performance indicators met validity and reliability requirements with SFL, t-value, AVE and CR values above 0.70, 1.64,0.50, and 0.70, respectively. When the t-value of the independent variable is greater than the t-table, it significantly affects the dependent. Also, the paath of the variable's influence is indicated by the coefficient value.

Table 13 shows the structural model t-value and coefficient of variables in this study. The t-table value used was 1.64, which means that there is only finance had a significant positive effect on the performance. Management, organization, HR and technology variables have minimal effect on the performance. However, several previous research articles using the

Table 12. Mastery of Technology Dimensions

Dimension	SFL	t-count	AVE	CR	Conclusion
		First Order Model			
BUMD Performance			**0.84**	**0.96**	**Good Validity Good Reliability**
Sales growth	0.90	23.16			Good Validity
Capital growth	0.94	44.86			Good Validity
Profit growth	0.93	48.93			Good Validity
Market growth	0.91	37.57			Good Validity

same variable showed different results. This is possible because there were differences in the method of approach, research object and duration.

Discussion

The results showed that the financial aspect was the only factor that could improve the performance and growth of the food sector BUMDs in Jakarta. It can also be an entry point for improvement in other dimensions for increased performance and growth. This dimension can be explained using two considerations.

The first explanation is the fact that performance appraisal is largely based on financial aspects. This is in line with the Regulation of the Governor of the Province of Jakarta Number 4 of 2004, where financial performance accounts are 70% of the total assessment while operational factors and administrative aspects are assessed take up 30%. Consequently, this impacts the respondents' perspectives and attitudes towards performance achievements. Furthermore, the operational aspects are assessed using indicators of service community, human resource and business development. Similarly, the administrative indicators are assessed using the RKAP design, periodic and annual calculation reports.

The second explanation is that the capital structure and business volume of the three food BUMDs are small compared to its competitors. BUMDs depend on the PMD budget, which provides a limited capital structure. Therefore, the capital structures need to be enlarged by conducting a comprehensive evaluation on the factors that influence its firm size, growth opportunity, profitability, business risk, effective tax rate, asset tangibility, firm age and liquidity (Setyawan et al. 2016). This study's results can become the basis for restructuring financial management. Furthermore, the provincial government needs to take consistent monitoring and evaluation steps to improve the BUMD food sectors' financial quality. To increase capital structures, the government can oblige BUMDs to compile business plans. It is also necessary to develop a synergistic and applicable Corporate Long-Term Plan (RJPP) with budget-saving considerations.

Management needs to evaluate the business system implemented to increase foodstuffs supply by expanding inventory, rejuvenating production tools and ensuring effective and efficient transportation routes. The Provincial Government and the Jakarta DPRD can formulate various policies and regulations that facilitate the food sector's business climate to encourage an increase in volume.

The results were in line with Seelanatha (2011), which stated that capital structure and company size directly affected profitability. It is also supported by Nurlaela and Wahyuningsih (2016), where the results showed that only company size variables affected company performance. Management variables, organizational operations, human resources, and technology mastery do not significantly affect the company's performance and growth. This is because respondents believe that these variables have reached optimum levels and improvements do not affect performance. The companies have received awards every year, meaning the government and other stakeholders believe that these sectors have achieved their optimal level. For instance, FS company received six awards at once, including Jakarta Marketeers Award 2020, CMO of the year, the most promising company in strategic marketing, tactical, marketing 3.0 and branding campaigns. Similarly, Perumda Pasar Jaya received an award from the Teropong CSR in caring for the community.

The second explanation is that the 4 variables are not a consideration for the Jakarta Provincial Government in assessing its performance. This affects respondents' understanding of BUMD management in decision making priorities regarding these four variables.

Lastly, PLS-SEM operates like multiple regression analysis making SEM-PLS very valuable for exploratory research purposes Hair et al (2011). This study aimed to explore the theory using SEM-PLS. Therefore, these four variables do not significantly improve the performance and growth of the food sector BUMD in Jakarta.

CONCLUSIONS

The measurement model results from management, organization, HR, financial, mastery technology and BUMD performance dimensions showed that all variables met the validity and reliability requirements. This means that the indicators that form latent variables were sufficient to explain the model.

The structural model results also showed that to improve the performance and growth of BUMD in the food sector, it is necessary to improve the financial dimension. Management, organization, human resources, and mastery technology dimensions had minimal effect on improving business performance and the growth BUMDs in Jakarta. Therefore, all stakeholders need to evaluate and improve the financial dimension, on the capital structure and business volume. Furthermore, capital structure and business volume need to map and evaluate specific influencing factors. Therefore, company profitability increases and provides a multiplier effect on business performance and growth of food sector BUMDs.

The scope of this research was limited to only three BUMDs in the food sector in Jakarta. Further research needs to analyze the performance of BUMDs in several sectors and compare business performances. The results of business performance analysis in other

sectors may be different from the food sector's performance. However, this study can provide input and evaluation for decision-makers and the provincial government to adopt better business performance.

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