ABSTRACT

This research had an objectives to analyse financial performance of PDAM, to analyse the internal and external factors that influenced financial performance of PDAM and to analyse the most dominant factor among internal and external factors.

This research reached the objectives with the theory of financial performance, the theory of public goods and the theory of turbulency economy, Mixing of all the theories brought to the hypotesis that the internal factors like prices of water, revenue, and cost and the external factors like rate of inflation and exchange rate influenced financial performance.

This research used OLS without constanta augmented with chow test regression equation to test the hypotesis. The test included t test, F test, multicolinearity test, heteroscedastisity test, autocorrelation test, normality test and chow test.

This research showed that PDAM financial performance was good and consisted of debt structure performance, financial efficiency performance, and profit performance. The internal and external factors built a road map that influenced the financial performance. The internal factors that influenced the financial performance were price of water, revenue, and cost. The external factors that influenced the financial performance were rate of inflation – but was not significant-and exchange rate. The most dominant factor was revenue. This research also showed that PDAM applied average cost pricing.

This research suggested that PDAM must maximize the revenue in order to increase the financial performance. This research also suggested that PDAM must prepare himself to face the turbulency economy.

Keyword : Internal and External Factors, Regulated Price, Financial Performance