

## The role of the transportation agency in improving public transportation services: case study of the binjai city transportation office

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**Abstract:** The role of the transportation agency in improving public transportation services. this study is based on the reality that the transportation official of Binjai city has played important role to manage this transportation issue. one effort by the transportation official of Binjai city in relation with public service is to improve urban transport service given to the public. Based on result of research, it is acknowledged that transportation official of Binjai city plays three roles within public service improvement. The transportation official may act as regulator to make a policy or a regulation concerning with urban transport, can be a facilitator or institution which provides structure and infrastructure related to urban transport, and also works as evaluator to watch over every policy and each available structure and infrastructure. The improvement effort of public service can bring positive and negative responses. Therefore, the cooperation should be needed between the government and the public to improve service quality in urban transport sector.

**Keywords:** Government Policy, Public Service, Transportation Official, Urban Transport Sector.

### 1. Introduction

Village-owned enterprises (BUMDes) have emerged as one of the key solutions in the government's efforts to drive the economy at the village level. BUMDes has great potential to create jobs, increase community income, and drive local economic growth. However, like any other business entity, BUMDes faces serious challenges that may affect its liquidity and operational viability. Therefore, it is important to conduct an in-depth analysis of the cash flow management of BUMDes in order to improve liquidity and business continuity (Hasanudin, 2023).

The context of economic development in villages is often more complex than it seems (Luca et al., 2023). Although BUMDes has the potential to generate income through various businesses such as agriculture, livestock, trade, and services, the internal and external factors that influence its success are also diverse. In running its operations, BUMDes must consider various aspects such as market demand, competition, government regulations, as well as risks that may arise from changes in the business environment (Putra, 2015)(Rahman et al., 2023). The establishment of Village-Owned Enterprises (BUMDes) is based on Law No. 6/2014 on Villages in Article 87 Paragraph 1 which reads, "Villages can establish Village-Owned Enterprises called (BUMDes), Paragraph 2 which reads Village-Owned Enterprises (BUMDes) are managed with a spirit of kinship and mutual cooperation, and Paragraph 3 which reads Village-Owned Enterprises (BUMDes) can run businesses in the economic sector or public services in accordance with statutory provisions". Village-Owned Enterprises (BUMDes) in their operations certainly require accounting, accounting is useful for providing financial information about the economic activities carried out by Village-Owned Enterprises, besides that it can also be used as accountability for the funds provided by the government for the basic capital to establish Village-Owned Enterprises (BUMDes). Financial information generated in the accounting process is in the form of financial statements, with these financial statements can be used to measure performance.

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Assessing the company's performance by looking at the results of the financial statements made each period cannot be blamed, but it will be more meaningful if the company does not only assess performance from financial reports. Companies can assess performance in more depth by analyzing financial statements (Pizzi et al., 2022). Analysis of financial statements will provide a more complete meaning or meaning so that companies can assess performance that is in a healthy (good) or unhealthy condition. If you only rely on the results of the financial statements, the company may be wrong in making decisions about the level of its financial health. Performance assessment by analyzing financial statements is not only carried out for large companies but also for all business scales, both small and medium-sized businesses, including Village-Owned Enterprises (BUMDes).

In this case, it aims to gain profit for the community. In the process of achieving these goals, there will be many problems, both internal and external obstacles. Therefore, to achieve these goals, it is necessary to evaluate and analyze management performance, especially in terms of financial management. One evaluation of financial performance is to measure the ability to meet short-term obligations, or pay debts that must be paid immediately, whose source of payment comes from current assets. The management of current assets, especially the use of cash that is not selective to meet these short-term obligations, will interfere with the achievement of maximum profit, such as excessive use of cash and not in portions (Pangalos, 2023).

In general, liquidity is the company's ability to meet its short-term obligations (Duffin & Gunawan, 2023). Another definition is the company's ability to meet current obligations that must be paid immediately with its current assets (Abdulazizovich, 2023). Liquidity is measured by the ratio of current assets divided by current liabilities (Fachrian & Hidayat, 2023). Companies that have healthy liquidity at least have a current ratio of 100% (Batrancea, 2021).

BUMDes as a local economic entity in Bahorok Sub-district has a crucial role in developing this potential. As a center of economic innovation and a conduit for employment opportunities, BUMDes have the opportunity to strengthen the local economic structure, diversify livelihoods, and increase community income. However, in optimizing the role of BUMDes as a driving agent of the local economy, evaluation of performance to optimize liquidity and profitability is crucial. Financial statements are the most important tool to understand the financial aspects of an organization. By analyzing the financial statements, we can measure the extent of financial sustainability at BUMDes.

Performance is an important component to determine the quality of an entity's resources, the importance of performance measurement for entities or business entities, so many researchers are interested in conducting research on liquidity analysis, such as research conducted by (Laoli, 2022), with the title "Analisis Perbandingan Kinerja Keuangan Bumdes Harapan Bersama Dengan Bumdes Sialang Kubang Di Kecamatan Perhentian Raja Kabupaten Kampar," the results showed that the number of variables that have a significant difference is one variable, namely Total Asset Turn Over (TATO), and for the other three variables, namely Current Ratio (CR), Debt to Asset Ratio (DAR) and Return On Assets (ROA). shows that there is no significant difference so that it can be concluded that the financial performance of BUMDes in Perhentian Raja District, Kampar Regency is the best and has met the standard requirements for the establishment of BUMDES is Sialang Kubang BUMDes.

In addition, research conducted by (Aini et al., 2022), with the title Analisis Kesehatan Bumdes Berdasarkan Aspek Permodalan, Likuiditas, Kemandirian, dan Pertumbuhan (Studi Kasus BUMDes Dana Asri Sejahtera Desa Wonoasri Kecamatan Tempurejo Kabupaten Jember), the results showed that the health of BUMDes based on aspects of capital, liquidity, and growth is quite healthy. The factors that affect the health level of BUMDes Dana Asri Sejahtera in 2019-2020 are the estimated capital of BUMDes Dana Asri Sejahtera in meeting their operational needs. The ability of Dana Asri Sejahtera BUMDes to fulfill their short-term obligations, and the ability of Dana Asri Sejahtera BUMDes to produce SHU for capital or independence and or for institutional development, member dividends and operating expenses or expenses. The last was conducted by (Turumi, 2022), The results

showed based on the average industry and standards liquidity in Bumdes Maliwuko shows that the current ratio 2019 good predicate based on the standard of liquidity is at 150% while in 2020 it was in the predicate quite good based on liquidity standards is at 125%.

The study titled “Analisis Perbandingan Kinerja Keuangan BUMDes Harapan Bersama dengan BUMDes Sialang Kubang di Kecamatan Perhentian Raja Kabupaten Kampar” revealed that only one variable, Total Asset Turn Over (TATO), showed significant differences in financial performance between the two BUMDes, while Current Ratio (CR), Debt to Asset Ratio (DAR), and Return on Assets (ROA) did not exhibit significant differences. This raises questions about the overall financial health and liquidity management of BUMDes in this region. In contrast, the research by Aini et al. (2022) focusing on BUMDes Dana Asri Sejahtera indicated a relatively healthy performance concerning capital, liquidity, and growth aspects. This study identified key factors influencing the health level of BUMDes, such as capital adequacy and the ability to meet operational needs. However, it lacked a comparative approach that could demonstrate how BUMDes across different regions specifically manage liquidity and financial health. Moreover, Turumi (2022) highlighted that BUMDes Maliwuko achieved good liquidity ratios based on industry standards, reflecting successful management practices. However, the findings did not explore the underlying factors contributing to this success, nor did they compare these practices with BUMDes facing challenges in liquidity management.

Thus, the research gap lies in the limited comparative analysis of liquidity management across various BUMDes sectors, particularly in connecting the findings of financial performance to the effective practices that lead to better liquidity outcomes. There is also a need for a more comprehensive examination of how different BUMDes address liquidity challenges, incorporate management strategies, and the demographic or operational characteristics that influence their financial health. This comparative analysis could provide valuable insights for improving the overall financial performance of BUMDes across different regions.

## 2. Materials and Methods

The research approach used in this research is descriptive research. According to Nazir, descriptive research aims to make descriptions, pictures or paintings systematically, factually and accurately about the facts, characteristics and relationships between the phenomena being investigated. The type of data in this study is quantitative data using BUMDes financial report data. The location of this research was carried out by BUMDes Perkebunan Turangi, Turangi Plantation Village, Bahorok District, Langkat Regency. Operational variables are variables that are measured, observed, or manipulated in scientific research to understand the relationship between certain variables. These are concrete measures used to measure or observe concepts in research. In this study, the operational definition of variables is as follows:

### 2.1 Dependent Variable

The dependent or related variable is the variable that is influenced or becomes the result of the independent variable. The related variable in this study is the accelerated growth of Village-Owned Enterprises (BUMDes). Village-Owned Enterprises (BUMDes) play a major role in increasing village revenue. If the management of village potential is done well and carried out by the right people. If the BUMDes is successful in its operations and experiences accelerated growth in Village Original Income, it will greatly benefit the village itself.

### 2.2 Independent Variable

Independent variables are variables that are considered as causes or factors that influence the dependent or response variable (Subhaktiyasa, 2024). Independent variables are variables that are treated or manipulated to see their impact or influence on independent variables (Santoso & Madiistriyatno, 2021) The independent variables in this study are: Effective and efficient liquidity and profitability analysis is reviewed using current ratio (Current Ratio) and Return on Equity (ROE), so as to determine the performance of

BUMDes. The data collection technique is a method employed in the context of research testing to obtain data (Adeoye-Olatunde & Olenik, 2021). The techniques utilized in this study are as follows: First, an interview was conducted with the relevant parties to obtain information about the problems in the research. In this study, questions and answers were conducted directly with the management of Village-Owned Enterprises (BUMDes) in Turangi Plantation Village, Bahorok District. The second method is documentation, defined as "a record of events that have passed and is in the form of writing, or pictures, or monumental works of a person" (Sugiyono, 2013) in (Arrahman & Lala, 2022). In this study, documentation techniques entailed the review and analysis of BUMDes financial reports from Bahorok District, Langkat Regency, from 2018 to 2022. The data analysis technique employed in this research is Descriptive Analysis, which involves processing the data obtained in the field to provide systematic, factual, and accurate information on the subjects under study. The stages of descriptive analysis used to analyze the data obtained from Turangi Plantation in the form of financial statement data from 2019 to 2022 are as follows. The subsequent analysis of the processed data encompasses the liquidity and profitability ratios from 2019 to 2022, employing the calculation of the Current Ratio and Return on Equity (ROE) to offer a comprehensive perspective on the issues examined in this study. Liquidity ratio analysis is utilized to ascertain the extent of the company's liquidity and the available profit, employing the Current Ratio and ROE to assess the five BUMDes. The findings of this study are then discussed and interpreted, with conclusions drawn on the issues raised by the researcher. The discussion also includes suggestions or input for further research references

### 3. Results and Discussion

This study utilizes primary data reflecting the financial conditions of BUMDes Turangi Plantation over the past five years, specifically through financial statements such as the balance sheet and income statement. The research focuses on Langkat District, aiming to evaluate the cash flow management and liquidity of this business entity. Financial statements provide a comprehensive understanding of a company's financial health, allowing for the assessment of its performance as either healthy or unhealthy. Relying solely on these statements without careful analysis can lead to incorrect decisions regarding financial health. Financial performance evaluations are essential not only for large corporations but also for businesses of all sizes, including village-owned enterprises (BUMDes). Analysis of Financial Statements is an activity of analyzing a company's financial statements. (Olayinka, 2022) The financial statements consist of the balance sheet and income statement, along with the description of the data from the BUMDes:

Table 1. BUMDes Profit (Loss) Report Table "Turangi Plantation" Village in 2019-2022.

Years	Income	Business Costs	Profit
2019	6.000.000	3.400.000	2.600.000
2020	5.000.000	3.200.000	1.800.000
2021	9.000.000	4.000.000	5.000.000
2022	7.000.000	3.600.000	3.400.000

Table 2. BUMDes Financial Statements "Plantation Turangi" (2019-2022)

Years	Current Asset	Stag Asset	Current Debt	Long-term Debt	Equity
		set			
2019	33.000.000	0	36.150.000	0	(3.150.000)
2020	22.500.000	0	21.250.000	0	(1.900.000)
2021	34.000.000	0	30.000.000	0	2.100.000
2022	36.000.000	0	33.00.000	0	5.100.000

Source: BUMDes Financial Statements "Plantation Turangi" (2019-2022)

The calculations reveal that the current ratio of BUMDes "Turangi Plantation" experienced a decline of 48.72%, decreasing from 158.22% in 2019 to 109.50% in 2020. This downward trend continued in 2021, with an 18.41% drop to 91.09%. However, 2022 saw a significant recovery, with the current ratio increasing by 63.36% to reach 154.45%. Overall, the

fluctuating values indicate that the current ratio is relatively good, reflecting variability in the financial health of the BUMDes.

Further analysis of the liquidity performance based on the current ratio highlights that BUMDes in Bahorok District, specifically "Turangi Plantation," experienced a decline in liquidity during 2020 and 2021, followed by an increase in 2022. This trend suggests that the BUMDes was not effectively managing its short-term obligations, as the growth in current liabilities outpaced the increase in current assets. Thus, while the current ratio improved in 2022, the overall performance indicated challenges in fulfilling short-term financial commitments.

#### Discussions

##### 3.1 *Definition of Liquidity*

Asset liquidity recently has been front and center in the fields of monetary economics and finance. Interestingly, while these two strands of the literature agree that asset liquidity is essential for the study of a number of important topics (such as asset pricing, the implementation of monetary policy, and others), they employ different definitions of the term. In monetary theory, liquidity is typically an attribute of the asset itself, and it refers to how easily it can be used to purchase consumption (Geromichalos et al., 2021). In finance, liquidity is typically an attribute of the (secondary) market where the asset trades, and it refers to the ease with which an individual can sell the asset, if needed (Andolfatto & Martin, 2013).

##### 3.2 *The Importance of Liquidity in Financial and Business Context*

The construction sector is one of the most important sectors of the national economy (Zimon et al., 2022). The activity of construction companies is closely correlated with the macroeconomic situation in a country, and at the same time has a significant impact on the functioning of units related to, among others, the production of building materials, transport or interior design (Alaloul et al., 2021). Therefore, the financial situation of construction enterprises affects the condition of other entities (Latysheva et al., 2020). Financial liquidity is the basic determinant of the efficient functioning of each economic entity, and at the same time determines its competitive position in the market. (Oino, 2021) The sector's sensitivity to economic fluctuations and the experience of the past years related to the bankruptcy of many construction companies indicate the need for continuous monitoring of financial liquidity.

Financial liquidity is often the critical factor that can determine whether a company will survive or go bankrupt (Jandaghi et al., 2021). The pandemic has made this especially evident as disrupted supply chains and payment delays have led to the failure of many businesses (Moretto & Caniato, 2021). Large enterprises typically have a sufficient working capital buffer to protect them from short-term financial challenges. However, for small and medium-sized enterprises (SMEs), the outcome heavily depends on their liquidity management strategy. If SMEs opt for a high-risk approach focused on achieving high profits with low liquidity, they may struggle to maintain their market presence. A more prudent strategy in the current climate would be to aim for high profitability while ensuring financial stability with at least a moderate level of liquidity. This balanced approach can help SMEs navigate economic uncertainties and sustain their operations.

#### 4. Conclusions

The Transportation Agency for Community Services in the Field of Public Transport in Binjai City is responsible for ensuring the efficiency, accessibility, and sustainability of public transportation. Their duties include regulating public transport by establishing policies, routes, schedules, and fare structures to create an effective transportation system. They also conduct monitoring and evaluation to assess public transport performance and address challenges such as congestion, safety, and service reliability. Additionally, the agency collaborates with stakeholders to develop infrastructure, including roads, bus stops, and terminals, to enhance the overall transport system. Ensuring enforcement and compliance is another key responsibility, as they work to make sure public transport

operators adhere to safety regulations and operational standards. Moreover, they engage with the community by gathering public feedback to improve services and address concerns.

In addition, research and discussions on performance appraisal in BUMDes in Bahorok District, Langkat Regency (2019-2022) indicate a decline in performance based on the current ratio, which decreased in two periods and increased in one. This suggests that BUMDes has faced illiquidity, struggling to meet short-term obligations with its current assets. However, certain periods have shown improvements, indicating efforts to enhance financial stability.

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