

Strategy of Decreasing Loan on Electricity Bills in Order to Achieve Performance (A Case Study at PT PLN (Persero) Medan Kota Rayon)

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Abstract

The problem in this study is that PLN Medan Kota Rayon cannot achieve the target number of loan on electricity bills. It is influenced by various factors originating from the internal environment and the external environment. The purpose of this study was to formulate an effective strategy that was applied to reduce the amount of loan on electricity bills at PLN Medan Kota Rayon. The research method used is descriptive analysis using an Internal Factor Evaluation Matrix (IFE Matrix), an External Factor Evaluation Matrix (EFE Matrix), and a SWOT Matrix. Using the analysis of the three matrices the appropriate strategy recommendations are produced that are Aggressive Strategies.

Some strategies that can be used as an alternative development are develop an application that support mobile devices to monitor the loan billing and customer's electricity termination, so that the supervision of the execution can be carried out by the PLN, and the termination officer is assisted in carrying out termination work according to the standard operating procedures. Another strategy is to carry out cooperation with banks to facilitate payments through internet banking / mobile banking. As well as other aggressive strategies is to routinely disseminate to customers by utilizing information technology media, such as social media, mail lists, sms blast, etc., related to information such as the maturity of electricity bills payment, procedures for temporary termination and complete demolition, planned outage schedule information, information on changes in the Basic Electricity Tariff, as well as other current PLN information to form customer engagement.

Keywords: Loan on Electricity Bills, PLN Medan Kota Rayon, IFE – EFE Matrix, SWOT Matrix

1. Introduction

The performance of all PLN units is measured through several performance indicators. One of them is the COP (Collection Of Period) performance indicator or the age of receivables. PLN units that have good performance are units that have low COP values. One of the things measured at the COP is the value of the loan on electricity bills. The higher the value of loan on electricity bills, the more COP values will increase and the unit performance will decrease. Elements of the age of receivables that are assessed in the management contract include loan on electricity bills, supplementary receivables and doubtful accounts. Loan on electricity bills that have not been paid by customers are special concern to management because have a significant influence on the company's revenue. As a state-owned enterprise, of course this also has an impact on state revenues, which leads to the welfare of the community. This income should be increased, but in reality it is not obtained or delinquent at the customer. In connection with the background that has been stated, a research is conducted to find out the strategy to reduce the loan on electricity bills in order to achieve performance at PLN Medan Kota Rayon.

2. Literature Review

This section presents the theories of literature used at the time of the study. This theory is taken from books and the internet.

2.1 COP (Collection Of Period)

COP - Collection of Period or Average Collection Period is one part of Activity Ratio in the type of ratio of financial statements or financial analysis (R. Agus Sartono, 1998). COP is one element of the Key Performance Index (KPI) of the company PT. PLN (Persero). PLN defines COP as the average length of time between billing and repayment of loan on electricity bills in unit of day. This performance assessment has a negative polarity, namely the lower number indicates the results of increasing performance.

2.2 Strategic Management

Comprehensive Strategic Management Model stated by David (2011) consists of three main elements, namely the strategy formulation, the strategy implementation and strategy evaluation.

2.3 IFE Matrix & EFE Matrix

In the management control of the company, it is necessary to analyze the internal and external environment. According to David (2011), internal environmental analysis focuses on identifying and evaluating the strengths and weaknesses of a company in a business functional area, including management, marketing, finance / accounting, production / operations, research and development, and management information systems. The main strengths and weaknesses in the functional areas of business are then summarized and evaluated in the Internal Factor Evaluation Matrix (IFE Matrix). External environmental analysis (external audit) aims to develop a limited list of opportunities that can benefit a company and the threats it must avoid. According to David (2011), the external environment can be divided into five broad categories, namely economic, social, cultural and demographic, political, governmental and legal, technological, and competitive information. The main opportunity and threat factors in business functional areas are then summarized and evaluated in the External Factor Evaluation-EFE Matrix.

2.4 SWOT Analysis

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) is an analysis carried out to match strengths and weaknesses within the company's internal environment, and opportunities and threats to the external environment of the company. From this analysis there are four possible environmental identifications faced by the company: 1. There are opportunities in an industry and the company has the strength to get it so that an aggressive strategy must be prepared, 2. There are opportunities in an industry but the company has a fundamental weakness to get it, so there must be a turnaround strategy, 3. There are threats in an industry and the company has the strength to get it, so a diversified business strategy must be prepared, 4. There are threats in an industry and besides that the company has a basic weakness in the field concerned, so it must be prepared a defensive strategy.

3. Conceptual Framework

In the following picture will show the concept of thinking which is a reference and recommendation in the process of writing this research. (Figure 1).

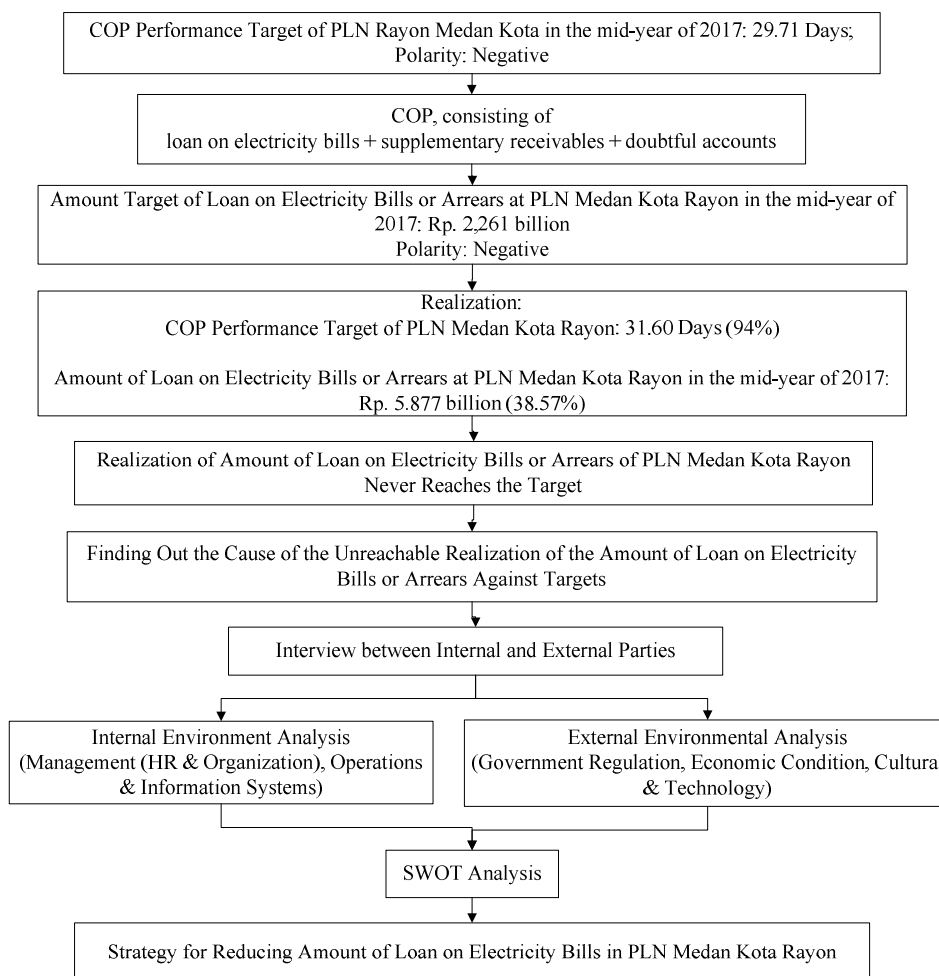


Figure 1. Conceptual Framework

4. Research Methods

The research was carried out at PT. PLN (Persero) Medan Kota Rayon. It was carried out from January to June 2017. This type of research is a descriptive research which is a type of research that aims to systematically, factually and accurately picture or describe the facts and characteristics of a particular object or population. By approaching research through surveys (interviews) (Sinulingga, 2015).

4.1 Research Informant

The research informants in this study are those who have the competence in providing information about the achievement of the target balance of arrears or loan on electricity bills of PLN Medan Kota Rayon consisting of internal and external parties. Internal: Manager of PLN Medan Area, Assistant Service and Administration Manager of PLN Medan Area, Customer Service Supervisor of PLN Medan Area, Customer Service Staff of PLN Medan Area, Manager of PLN Medan Kota Rayon, Service and Administration Supervisor of PLN Medan Kota Rayon, each of 1 (one) person. External: Coordinator of the Electricity Termination Implementation Team, as an external party coordinating the delinquent customer termination implementation team, as many as 1 (one) person. Customer representative, as a party who is required to pay electricity bills, a total of 12 (twelve) people, which are representatives of 2 (two) people for each Rpower tariff (household); Power tariffs are R1 / 450VA, R1 / 900VA, R1M / 900 VA, R1 / 1.300VA, R1 / 2.200VA, and R2 / 3,500 VA.

4.2 Types and Data Sources

There are 2 (two) types of data used in this study:

1. Primary Data is data obtained directly, in this study through open questions to parties who are entitled and authorized to provide information regarding the implementation of collection of loan on electricity bills in PLN Medan Kota Rayon.

2. Secondary Data through documentation studies, namely collecting and studying available data through PLN's Integrated Customer Service Application (AP2T) system.

4.3 Method of Collecting Data

Focus Group Discussion (FGD), which is a process of gathering information about a specific problem that is very specific through group discussion (Irwanto, 2007). Technically, FGD is an interview from a small group of people led by a resource person or moderator who subtly encourages participants to dare to speak openly and spontaneously about what is considered important related to the topic of discussion at that time.

5. Results and Discussion

The problem in this study is not achieving the target balance of loan on electricity bills in PLN Medan Kota Rayon. This is influenced by internal factors and external factors. Based on the results of data observations, discussions and interviews with respondents revealed that internal factors that affect not achieving the target of reducing the number of loan on electricity bills in PLN Medan Kota Rayon consist of internal management of the company, operational implementation of electricity termination, and management information systems supporting the company. External factors that affect consists of legislation related to electricity, the economic conditions of the community, the customer's local culture and the latest technological advances.

Based on the results of the discussion and FGD interviews, conclusions were drawn regarding internal factors, namely strengths and weaknesses, as well as external factors, namely opportunities and threats, which PLN Medan Kota Rayon has in an effort to achieve performance targets for reducing balances or the amount of customer's loan on electricity bills. These strengths and weaknesses were analyzed in the Internal Factor Evaluation Matrix (IFE). Opportunities and threats are used in the analysis of External Factor Evaluation Matrix (EFE).

5.1 Results of SWOT Analysis

The SWOT analysis is based on the assumption that an effective strategy maximizes strengths and opportunities and minimizes company weaknesses and the readiness of institutions to deal with external threats. Based on the results obtained from the calculation of IFE and EFE the following results are obtained in Table 1.

Table 1. Individual Score Factors

No.	Factor Analysis	Score
1	Strengths	1,79
2	Weaknesses	0,70
3	Opportunities	1,66
4	Threats	0,92

Source: Data Processing Results, 2017

The coordinates of internal factor analysis are:

$$X \text{ axis} = (\text{Strengths Score} - \text{Weaknesses Score}) / 2 = (1,79 - 0,70) / 2 = 1,09 / 2 = 0,545$$

The coordinates of external factor analysis are:

$$Y \text{ axis} = (\text{Opportunities Score} - \text{Threats Score}) / 2 = (1,66 - 0,92) / 2 = 0,74 / 2 = 0,37$$

So the position of PLN Medan Kota Rayon in an effort to reduce the amount of loan on electricity bilss is at the coordinate point (0.545, 0.37).

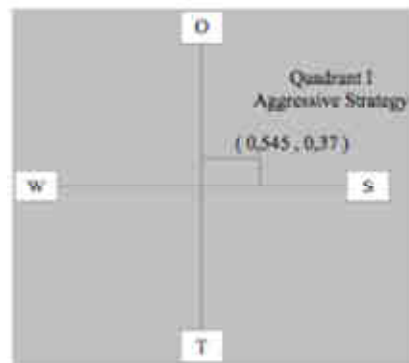


Figure 2. Coordinate Point Strategy for Reducing Loan on Electricity Bills at PLN Medan Kota Rayon

The results of the SWOT analysis show a strategy to reduce the amount of loan on electricity bills at PLN Medan Kota Rayon is an Aggressive Strategy that is in Quadrant I. Quadrant I is formed by a positive horizontal axis (strength) and a vertical axis (opportunity). Aggressive Strategy is a strategy that seeks to develop institutions by maximizing the strengths they have accompanied by utilizing various opportunities to reduce loan on electricity bills. Aggressive strategies can be effected through steps consisting of four alternative strategies for the results of the SWOT Matrix, namely SO, WO, ST, and WT.

6. Conclusion

From the results of the analysis, formulated strategies needed to be able to reduce the amount of loan on electricity bills in achieving PLN Medan Kota Rayon performance namely Aggressive Strategy, by making the development of loan billing monitoring applications based on mobile devices, so that the supervision of the implementation of vendor termination work can be carried out by PLN and the termination officer is assisted in carrying out termination work according to standard operational procedures. Another strategy is to carry out cooperation with banks to facilitate payments through internet banking/mobile banking. As well as other aggressive strategies is to routinely disseminate to customers by utilizing information technology media, such as social media, mail lists, sms blast, etc., related to information such as the maturity payment of electricity bills, temporary termination and complete demolition procedures, planned outage schedule information, information on changes in the Basic Electricity Tariff, as well as other current PLN information to form customer engagement.

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