

ABSTRACT

The cement industry has a vital role in the industry as it grows in line with the country's economy. This is seen from the growth of revenue of cement companies in Indonesia, especially in the last two years (2017-2018) and the level of domestic cement consumption in 2019 which is projected to reach 72 million tons. However, the increase of revenue in the cement company has not been accompanied by a good financial growth ratio, which is seen from the financial ratios such as EBITDA Margin, Return on Assets and Return on Equity of 2014-2018 that were relatively decreasing. With such phenomenon, it is important for cement companies to analyze have their efficiency being analyzed.

This study aims at determining and comparing the efficiency and the growth of the efficiency variables of four cement companies in Indonesia, which are members of the Indonesian Cement Association (ASI) and listed on the Indonesia Stock Exchange, namely Semen Indonesia, Ltd, Indocement Tunggal Prakarsa, Ltd, Solusi Bangun Indonesia, Ltd and Semen Baturaja, Ltd during the period of 2014-2018. The method used to determine the efficiency value of the cement company is the Data envelopment Analysis method with the assumption of Variable Return to Scale (VRS).

The results of the study provide an overview of the efficiency levels of the four cement companies, which show that Semen Indonesia, Ltd obtained highest average of efficiency value (0.92), followed by Solusi Bangun Indonesia, Ltd (0.85), then Semen Baturaja, Ltd (0.8) and Indocement Tunggal Prakarsa, Ltd (0.74). Based on the results of performance in the 4th Quarter of 2018, Indocement Tunggal Prakarsa, Ltd and Semen Baturaja, Ltd did not operate their best efficiency scale. However, their Return to Scale was in the 'increasing category', in meaning that the company's efficiency can still be improved by referring to the value of potential improvement in order to achieve the best efficiency level.

The results of this study are expected to be used as an evaluation to improve the efficiency of each cement company in Indonesia.

Key words : Cement, Data Envelopment Analysis, Efficiency, Potential Improvement