

The financial governance of PT Trada Alam Minera, an affiliated company, is one of the causes of Jiwasraya's bankruptcy (mining company case)

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Abstract

This paper presents an analysis of the financial governance of PT Trada Alam Minera (TRAM). This company has been suspended by the Indonesian Stock Exchange, because it was one of the causes of Jiwasraya's bankruptcy. This study provides an archival analysis of the financial governance of PT Trada Alam Minera Tbk (TRAM), a publicly listed company affiliated with the investment failure of PT Asuransi Jiwasraya (Persero), prior to its prolonged trading suspension and delisting. The research aims to assess whether TRAM's financial governance during the period 2012–2017 reflected sound corporate fundamentals or exhibited financial weaknesses that should have served as early warning signals for institutional investors. Using a qualitative case study design with documentary and archival data, this study examines three core dimensions of financial governance: financial position, profitability performance, operating cash flow, and dividend analysis resilience. Financial data were obtained from audited financial statements and verified secondary sources published by the Indonesia Stock Exchange and relevant financial databases. The analysis is conducted using a descriptive framework to trace the temporal evolution of financial governance conditions leading up to the post-2017 collapse. The findings indicate that TRAM exhibited persistent weaknesses in key financial fundamentals, suggesting unsound financial governance prior to Jiwasraya's investment peak. This study contributes to capital market literature by preserving empirical financial governance evidence of a delisted firm involved in a major institutional investment failure, offering important implications for regulators, investors, and scholars in emerging markets.

Keywords:

PT Trada Alam Minera;
TRAM;
Financial governance;
Coal mining company;
PT Jiwasraya

1. Introduction

This paper presents an in-depth analysis of the financial governance of a coal mining company in the Indonesian capital market, namely PT Trada Alam Minera (TRAM - issuer code, which for further writing uses the issuer code). The phenomenon that occurred was that TRAM, an affiliate of PT Jiwasraya, was one of the causes of the bankruptcy of PT Jiwasraya. This is important, because TRAM is delisted in capital market. In capital market research, the delisting and prolonged suspension of publicly listed firms pose a significant challenge to empirical analysis, as market-based data such as trading volume, price discovery, and transaction records gradually disappear from public access. This phenomenon creates a risk of "data amnesia," where governance failures become increasingly difficult to reconstruct once a firm is removed from active trading. Consequently, timely archival research becomes essential to preserve empirical evidence of corporate governance and investment failures. This challenge is particularly relevant in cases involving institutional investment failures, where post-event investigations often focus on legal outcomes while overlooking the deterioration of financial governance prior to collapse. Once trading activity ceases, the opportunity to analyze financial fundamentals in conjunction with market dynamics diminishes, limiting future scholarly inquiry. Therefore, studies that document financial governance conditions before delisting play a crucial role in maintaining the

integrity of capital market research, this is in accordance with (Pengadilan Negeri Jakarta Pusat, 2020), (Mahkamah Agung Republik Indonesia, 2021). Financial governance is crucial for studying and implementing sound financial practices within the company. This paper presents an analysis of TRAM's financial governance for the years 2012 to 2017. The years 2012 to 2017 were chosen because they align with available financial data in the capital market. Therefore, the financial condition of TRAM before or after 2017 is beyond the scope of this paper. TRAM itself has a long history since its establishment on August 26, 1998. Initially, it was named PT Panji Adi Samudra, which was later known as PT Trada Maritime. Initially, it was engaged in shipping and marine transportation services. Currently, the company's main activities are the management and operation of Floating Storage and Offloading (FSO) vessels, as well as offshore support vessels in the form of tugboats and barges, especially for coal and liquefied natural gas (LNG) companies. TRAM listed its shares on September 10, 2008, with an IPO price of IDR 125.00 and a total of 4,000,000,000 IPO shares. In 2017, the company expanded its business into the mining industry, particularly coal, in West Kutai, East Kalimantan. This is in accordance with IDN Financials (2022), (IDN Financials, 2022), (Stockbit, 2025) TRAM, an affiliate of PT Jiwasraya, was one of the causes of the bankruptcy of PT Jiwasraya. This is in accordance with the Decision of the Central Jakarta District Court (Case 30/Pid.Sus-TPK/2020) and Decision 2931 K/Pid.Sus/2021 from the Supreme Court of the Republic of Indonesia, which ensured that the sentence remains legally binding (inkrah). The chronology began in 2014, when Jiwasraya began investing in small-cap stocks. The share price of PT Trada Alam Minera (TRAM) was pumped up. TRAM's stock movement began to exhibit a "pump" pattern to attract investors, including Jiwasraya, to buy at a high price. 2017 was the peak of Jiwasraya's TRAM purchases. In early 2018, TRAM shares fell sharply, TRAM's price plummeted, resulting in a massive decline in the value of Jiwasraya's portfolio. Jiwasraya experienced ballooning unrealized losses. At the end of 2018, PT Jiwasraya failed to pay policy claims and was unable to pay claims due. In late 2019, the Minister of State-Owned Enterprises and the Financial Services Authority (OJK) began investigating Jiwasraya's investment failure. The Attorney General's Office (AGO) also stepped in to investigate. In 2020, PT Trada Alam Minera was identified as a contributor to Jiwasraya's bankruptcy, as reported by Akbar & Adityowati (2020). Based on the above phenomenon, an in-depth analysis of PT Trada Alam Minera's financial governance from 2012 to 2017 was conducted. This question examines whether PT Trada Alam Minera's financial management was sound or not. If it was sound, then PT Jiwasraya made the right investment. However, if it was poor, then PT Jiwasraya made the wrong investment in PT Trada Alam Minera, or PT Jiwasraya should not have invested in PT Trada Alam Minera (TRAM).

This analysis of TRAM's financial governance covers its financial position, income statement, cash flow from operations, and dividend commitment. The financial position relates to the fundamentals of TRAM's assets, how the company's assets are built and strengthened. The income statement relates to the amount of financial income TRAM generates for its survival. Cash flow reflects TRAM's resilience in servicing its debts. Dividends reflect the prosperity and commitment of TRAM to the well-being of its shareholders. The Indonesia Stock Exchange (IDX) has delisted TRAM from the stock exchange, effective July 21, 2025. Therefore, it is crucial to investigate PT Jiwasraya's investment in TRAM. How is TRAM's financial governance truly? Is it excellent, or is it not? This scientific paper will present the results of a study of TRAM's financial governance, specifically regarding the soundness of its financial elements: financial position, profit and loss, and cash flow. This case is crucial for analyzing TRAM's financial fundamentals, so that lessons can be learned as to why this company was one of the causes of Jiwasraya's bankruptcy. This research will be useful for regulators in understanding patterns of poor corporate governance, investors in determining appropriate investment strategies, and scholars as a reference for research on the governance of publicly listed mining companies that were subsequently suspended. An in-depth analysis was carried out on the corporate governance pattern, this in-depth analysis needs to be carried out to reveal important events in how the company carries out its actions, this is in accordance with Suryaningsum & Prasetya (2025). This analysis was conducted from the company's inception, through its management, until its eventual suspension. It also examines the company's management actions that impacted stock performance, leading up to its suspension. It also examines the company's stock performance, which rose and then fell drastically. It also examines the company's business patterns and how the company is actually managed. This research uses the Event History Analysis (EHA) method, which focuses on the time of an event and the factors that influence

the probability of that event occurring over time (Suryaningsum & Prasetya, 2025). Event History Analysis (EHA) uses a descriptive analysis approach to provide an in-depth analysis of the components of financial governance. The data used are the financial data of TRAM for 2012 to 2017, the years when the transaction was affiliated with Jiwasraya.

Sound financial governance is a fundamental pillar in ensuring the sustainability, transparency, and accountability of publicly listed companies, particularly in capital markets characterized by high information asymmetry. Weak financial governance not only affects corporate performance but may also lead to systemic risks, especially when institutional investors are involved. In Indonesia, the failure of PT Asuransi Jiwasraya (Persero) represents one of the most significant financial scandals, highlighting how poor investment governance and weak corporate fundamentals can trigger large-scale financial losses.

One of the companies affiliated with the Jiwasraya investment case is PT Trada Alam Minera Tbk (TRAM), a publicly listed company that was formerly engaged in maritime and offshore support services before expanding into coal mining. TRAM conducted its initial public offering (IPO) in 2008 and later became one of the stocks heavily accumulated by Jiwasraya during the period of 2014–2017. Court decisions issued by the Central Jakarta District Court and the Supreme Court of the Republic of Indonesia have legally confirmed TRAM's involvement as part of the investment instruments contributing to Jiwasraya's financial collapse.

Previous studies and official investigations have largely focused on the legal, criminal, and policy dimensions of the Jiwasraya case. However, there is a lack of empirical academic research that specifically examines the financial governance quality of affiliated listed companies prior to the collapse, particularly through systematic analysis of their financial fundamentals. In the case of TRAM, existing discussions tend to emphasize stock price manipulation and legal outcomes, while the underlying financial governance—such as asset structure, profitability, cash flow resilience, and dividend behavior—has not been comprehensively analyzed. This gap limits a deeper understanding of whether Jiwasraya's investment decision was supported by sound financial indicators or driven by governance failures.

Therefore, this study aims to analyze the financial governance of PT Trada Alam Minera Tbk during the period 2012–2017, focusing on its financial position, income performance, and operating cash flows. The objective of this research is to assess whether TRAM's financial governance during this period reflected sound corporate fundamentals or indicated financial weaknesses that should have served as warning signals for institutional investors.

Based on this objective, the research addresses the following questions:

- a) How was the financial position of PT Trada Alam Minera Tbk during 2012–2017?
- b) Did TRAM's profitability and income structure indicate sustainable business performance?
- c) To what extent did TRAM's operating cash flows demonstrate financial resilience in supporting its obligations?
- d) What implications do TRAM's financial governance characteristics have for institutional investment decisions, particularly in the context of the Jiwasraya case?

2. Literature review

Corporate Governance Theory

In accordance with the (Jensen & Meckling, 1976), corporate governance refers to the system by which companies are directed and controlled to ensure accountability, transparency, and fairness toward stakeholders. According to agency theory, governance mechanisms are designed to mitigate conflicts of interest between shareholders (principals) and management (agents), particularly in publicly listed companies where ownership and control are separated. Weak corporate governance increases the risk of opportunistic behavior, financial misreporting, and inefficient investment decisions this is in accordance with (OECD, 2015), (Coffee, 2006). In emerging markets, corporate governance challenges are often exacerbated by concentrated ownership structures, weak regulatory enforcement, and limited investor protection. Prior studies emphasize that failures in governance structures frequently precede corporate financial distress and market manipulation, especially in firms with limited transparency and weak oversight this is in accordance with (Beasley, 1996).

Financial Governance

Financial governance is a specific dimension of corporate governance that focuses on how companies manage financial resources, structure assets and liabilities, generate profits, and maintain liquidity. Sound financial governance reflects the company's ability to sustain operations, fulfill obligations, and create value for shareholders over time, this is in accordance with (Altman, 1968). Key indicators of financial governance include the quality of asset composition, capital structure stability, profitability consistency, and operating cash flow adequacy. Poor financial governance is often characterized by excessive leverage, volatile earnings, weak cash flows, and reliance on non-operational income. In the context of publicly listed companies, weak financial governance may signal fundamental fragility even when stock prices appear favorable, this is in accordance with (Hakim et al., 2023).

Investment Analysis Framework

Investment analysis aims to evaluate whether an asset provides returns that are commensurate with its risk. Fundamental analysis is a widely used framework that assesses a firm's intrinsic value based on financial statements, including balance sheets, income statements, and cash flow statements. Financial ratio analysis—such as liquidity ratios, profitability ratios, and solvency ratios—serves as an essential tool for assessing financial soundness, this is in accordance with (Juwita et al., 2021). For institutional investors, investment decisions are expected to be grounded in prudent portfolio management principles, emphasizing risk diversification, capital preservation, and long-term sustainability. In accordance with the (Zhang & Wiersema, 2009), investments in companies with weak financial fundamentals contradict these principles and may expose institutional portfolios to significant downside risks this is in accordance with (Lie et al., 2021)

Corporate Bankruptcy Studies

In accordance with the (Spence, 1973), corporate bankruptcy literature highlights that financial collapse rarely occurs suddenly; instead, it is often preceded by prolonged periods of deteriorating financial performance and governance failures. Studies on corporate failure consistently find that declining cash flows, poor profitability, and excessive debt accumulation are among the strongest predictors of bankruptcy. Research on financial distress also emphasizes the role of governance quality, noting that companies with weak oversight mechanisms are more likely to engage in risky financial practices that accelerate collapse, this is in accordance with (Dechow et al., 2011). These findings suggest that early detection of financial governance weaknesses is critical for preventing large-scale financial losses, this is in accordance with (Cox, 1972).

Previous Research on the Jiwasraya Case

Existing studies and official reports on the Jiwasraya case primarily focus on legal violations, fraud schemes, and regulatory failures. Court rulings and investigative reports document stock price manipulation, concentration of investments in high-risk assets, and violations of prudent investment principles this is in accordance with (Akbar & Adityowat, 2020). However, academic literature examining the financial governance quality of the investee companies involved in the Jiwasraya portfolio remains limited. In accordance with the (Franedya, 2018), most discussions emphasize criminal responsibility and policy implications, while systematic analysis of company-level financial fundamentals prior to the collapse is largely absent. This gap underscores the need for empirical research that evaluates whether these companies exhibited warning signals through their financial governance.

Analytical Framework of the Study and Event History Analysis (EHA)

In accordance with the (Fama & French, 1992), Based on the literature, this study defines sound financial governance as the presence of stable financial positions, sustainable profitability, and adequate operating cash flows. Conversely, unsound financial governance is indicated by weak asset structures, inconsistent earnings, and fragile cash flow performance, this is in accordance with (Kothari et al., 2005), (Box-Steffensmeier & Jones, 2004). This study applies Event History Analysis (EHA) as an analytical framework to examine the temporal dynamics of financial governance deterioration. EHA focuses on identifying critical events and periods that increase the probability of financial distress over time. In this research, key financial events—such as sharp changes in assets, debt accumulation, profitability decline, and operating cash flow deterioration—are analyzed chronologically from 2012 to 2017. Rather than estimating hazard ratios statistically, EHA is used descriptively to map the sequence of financial governance changes leading up to the post-2017 collapse. This approach allows for the identification of early warning signals preceding the Jiwasraya investment failure. This research uses the Event History

Analysis (EHA) method, which focuses on the time of an event and the factors that influence the probability of that event occurring over time (Suryaningsum & Prasetya, 2025). Event History Analysis (EHA) uses a descriptive analysis approach to provide an in-depth analysis of the components of financial governance. This research evaluates PT Trada Alam Minera Tbk by examining three core dimensions: (1) financial position, (2) income performance, and (3) operating cash flows. These dimensions are used as analytical criteria to assess whether TRAM's financial governance during 2012–2017 reflected financial soundness or fundamental weakness.

Regulatory Framework and Good Corporate Governance in Indonesia

Indonesia's capital market is governed by regulations issued by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), which require listed companies to comply with good corporate governance (GCG) principles. These principles include transparency, accountability, responsibility, independence, and fairness, this is in accordance with (La Porta et al., 1998). Institutional investors are also subject to regulatory obligations to implement prudent investment management. In accordance with the (Shleifer & Vishny, 1997), (Healy & Wahlen, 1999), failure to adhere to these standards may result in systemic risks and undermine public trust in the financial system. Therefore, analyzing financial governance within the framework of Indonesian capital market regulations is essential for understanding the broader implications of corporate failures such as the Jiwasraya case. This is in accordance with (Bursa Efek Indonesia, 2025), (Allison, 2014), (Suryaningsum & Prasetya, 2025).

3. Method

3.1 Research Design

This study employs a qualitative case study design with a documentary and archival research approach. PT Trada Alam Minera Tbk (TRAM) was selected as a single case study due to its affiliation with PT Asuransi Jiwasraya (Persero), whose investment failure resulted in one of the largest bankruptcies in Indonesia's financial history. A case study approach is appropriate as it enables an in-depth examination of financial governance practices within a specific institutional and regulatory context. This research was designed to examine the financial governance of a corporate entity, TRAM, which is affiliated with one of the causes of the bankruptcy of the insurance company Jiwasraya. These share purchases and debt transactions led to Jiwasraya's bankruptcy. TRAM was chosen as the case study for this research.

3.2 Data Sources

The study relies exclusively on secondary data obtained from credible and verifiable sources. These include audited financial statements of PT Trada Alam Minera Tbk published on the Indonesia Stock Exchange (IDX), official disclosures from the Financial Services Authority (OJK), and financial databases such as IDN Financials and the Stockbit application. Additional contextual information was obtained from reputable national media outlets, including Tempo and CNN Indonesia, as well as relevant academic publications.

3.3 Data Collection Procedure

Data were collected through systematic document analysis covering the period 2012–2017. This period corresponds to the years during which Jiwasraya accumulated TRAM shares and engaged in affiliated transactions. Financial data extracted include balance sheets, income statements, and cash flow statements. All data were cross-checked across multiple sources to ensure consistency and accuracy. Data collection was conducted through news data sets using a documentary study approach. Data were obtained from credible sources such as scientific publications and the official websites of the OJK, IDX, IDN Finance, the Stockbit application, Tempo, CNN, and other media. The discussion took place between 2012 and 2017. The reason for choosing 2012 to 2017 was the years of direct affiliation between TRAM and PT Jiwasraya. The analysis examined the movement of key components of TRAM's financial fundamentals. The fundamental financial analysis included total assets, debt, equity, cash flow from operations, revenue, net profit or loss, and dividends. This year was chosen as particularly significant, given the PT Jiwasraya-affiliated case that occurred between 2012 to 2017. The case began to unravel in October 2018, when Jiwasraya delayed payment of claims for JS Saving Plan policies worth Rp 802 billion. This is consistent with Franedyta (2018).

3.4 Analytical Framework

Financial governance in this study is evaluated using three core dimensions: financial position, profitability performance, and operating cash flow resilience. These dimensions were selected based on established financial governance and fundamental analysis literature. Financial position is assessed

through asset growth patterns, debt structure, and equity stability. Profitability performance is evaluated using revenue trends and net profit or loss consistency.

Operating cash flow resilience is examined to determine the firm's ability to generate cash from core operations and service its obligations. Financial governance is classified as sound when these indicators demonstrate stability, sustainability, and internal consistency, and as unsound when they exhibit volatility, persistent losses, or weak cash flow support. The total asset component is very important to analyze how big the level of the company TRAM is, so that it can analyze the fairness of its stock price. The annual debt movement component is very important to analyze to measure the fairness of how healthy and how weak the company PT Trada Alam Minera is in 2012–2017, especially in 2013–2016 in this case there was a purchase of shares in mutual funds by PT Jiwasraya. The annual equity movement component is very important to analyze to measure the fairness of how strong the fundamentals of the company TRAM in 2012–2017, especially in 2013–2016 in this case there was a purchase of shares by PT Jiwasraya. The annual cash flow from operating movement component is very important to analyze to measure the fairness of the company's liquidity TRAM in 2012–2017, especially in 2013–2016 in this case when the investment by PT Jiwasraya occurred. The annual revenue movement component is very important to analyze in terms of measuring the fairness of continuity between cash flow from operating and income received by the company TRAM in 2012–2018, especially in 2013–2016 in this case the purchase of shares by PT Jiwasraya. The annual net profit and loss movement component is very important to analyze in terms of measuring the fairness of how successful the operations of the company TRAM in 2012–2018, especially in 2013–2016 in this case the purchase of shares by PT Jiwasraya. The annual dividend movement component is very important to analyze in terms of measuring the fairness of welfare provision to shareholders of the company TRAM in 2012–2017, especially in 2013–2016 in this case when the purchase of shares was made by PT Jiwasraya. This is in accordance with (Hakim et al., 2023; Juwita et al., 2021; Wage & Harahap, 2022)

2.5 Data Validation and Triangulation

To enhance reliability, data triangulation was conducted by comparing financial figures across multiple sources, including audited reports, financial databases, and regulatory disclosures. Narrative information from media reports was used solely for contextual validation and not as primary financial evidence. This cross-validation process reduces the risk of data bias and enhances analytical robustness.

4. Results and Discussion

4.1 Results

PT Trada Alam Minera Tbk (TRAM) was originally established on August 26, 1998 under the name PT Panji Adi Samudera and initially operated in the shipping and marine transportation sector. The company later changed its name to PT Trada Maritime and expanded its business into offshore logistics and shipping services, including the operation of Floating Storage and Offloading (FSO) vessels, tugboats, and barges serving coal and liquefied natural gas (LNG) companies. In 2017, TRAM further expanded its business into coal mining activities in West Kutai, East Kalimantan.

TRAM conducted its initial public offering (IPO) on September 10, 2008, with an offering price of IDR 125 per share. As of 2025, TRAM's shares are suspended by the Indonesia Stock Exchange (IDX) and trade at the minimum price level of IDR 50, resulting in the absence of active market transactions. The results of this analysis begin with the birth of the company TRAM. According to the Indonesia Stock Exchange (IDX) (2025), it is explained that TRAM was previously known as PT Trada Maritime. This company was founded on August 26, 1998, under the name PT Panji Adi Samudera, which is engaged in shipping and sea transportation services. Currently, the company's main business activities are the management and operation of Floating Storage & Offloading (FSO) vessels, as well as offshore support vessels in the form of tugboats and barges, especially for coal and liquefied natural gas (LNG) companies. In 2017, the company expanded its business to the mining industry, especially coal, in West Kutai, East Kalimantan. According to Stockbit (2025), TRAM is an Indonesia-based company whose main business is providing sea transportation and shipping services. The company has 2 business lines, namely Sea Transportation Shipping Services and Coal (Coal Sales & Mining Services). Its business activities include chartering and operating sea transportation vessels, which include floating storage offloading (FSO) tankers, liquefied natural gas (LNG) carriers. The company also provides other ship services, including offshore services, ship and crew management, logistics, catering services,

agencies, and licensing. Its subsidiaries include PT Hanochem Tiaka Samudra, PT Trada Dryship, PT Trada Offshore Services, PT Hanochem Shipping, Trada Tug and Barge, PT Trada Shipping, PT Agate Bumi Tanker, and Trada Dryship Singapore Pte Ltd. TRAM began its expansion by listing on the Indonesian capital market on September 10, 2008, with an IPO price of Rp125.00. Currently, TRAM's shares are valued at Rp50.00 and are suspended by the Indonesia Stock Exchange, resulting in no stock transactions on the exchange.

Analysis of Key Financial Components

To evaluate financial governance quality, the analysis focuses on the proportion of liabilities and equity relative to total assets. In general, a financially sound industrial company is expected to maintain a balanced capital structure, where equity represents a dominant share of total assets, thereby limiting excessive leverage risk. Below is a table of the key fundamental financial components of TRAM for the years 2012–2017. These key fundamental financial components include total assets, liabilities, equity, cash flow from operations, revenue, net profit or loss, and dividends.

Table 1

Components of PT Trada Alam Minera's Financial Position 2012–2017

Important Financial Components	Year of Observation					
	2012	2013	2014	2015	2016	2017
Total Assets	3,247	3,894	3,553	2,834	2,174	11,322
Total debt	1,941	2,199	2,245	2,435	2,051	6,003

Data source: Stockbit (processed financial data, 2025)

Table 1 relates to the components of financial position, consisting of assets, liabilities, and equity. In analyzing the components of TRAM's financial position, we use a ratio of total assets, debt, and equity. A healthy mining company's debt-to-equity ratio is one where debt is below or equal to 40% of total assets, and equity is above or equal to 60% of total assets.

Tables 2a and 2b present the percentage distribution of liabilities and equity to total assets for the periods 2012–2014 and 2015–2017, respectively. Table 2a. Asset, Liability, and Equity Structure of PT Trada Alam Minera Tbk, 2012–2014 and table 2b. Asset, Liability, and Equity Structure of PT Trada Alam Minera Tbk, 2015–2017. Below are Tables 2a and 2b, which calculate total assets, the percentage of debt to total assets, and the percentage of equity to total assets. The percentage calculation is intended to assess a company's financial health. Table 2a covers 2012–2014, and Table 2b covers 2015–2017.

Table 2a

Total Assets, Debt, and Equity, and Value as a Percentage of Total Assets, 2012–2014

Important Financial Components	2012		2013		2014	
	Amount of Value	% of total assets	Amount of Value	% of total assets	Amount of Value	% of total assets
Total Assets	3,247	100	3,894	100	3,553	100
Total debt	1,941	60	2,199	56	2,245	63
Total Equity	1,306	40	1,695	44	1,308	37

Data source: Stockbit (processed financial data, 2025)

From Table 2a above, it can be concluded that during 2012–2014, TRAM's financial governance did not appear to meet the standards for good financial governance. The standard for industrial companies is that equity should be 60% of total assets and debt should be 40% of total assets. It appears that in TRAM's financial governance from 2012–2014, debt significantly exceeded equity. This undoubtedly burdened TRAM's finances, burdening TRAM with interest costs on its debt. The results indicate that during the entire observation period, TRAM consistently exhibited a high-leverage financial structure. In 2012–2014, liabilities accounted for 56–63% of total assets, while equity ranged between 37–44%.

This pattern suggests that the company relied more heavily on debt financing than equity, increasing its financial risk exposure.

The condition deteriorated further during 2015–2017. In 2016, total liabilities reached 94% of total assets, leaving equity at only 6%. Such a capital structure reflects a severely weakened financial position and indicates limited capacity to absorb financial shocks. Although equity improved in 2017, liabilities still exceeded recommended thresholds, indicating that TRAM's financial position governance remained fragile throughout the period.

Table 2b

Total Assets, Debt, Equity, and Value as a Percentage of Total Assets 2015 – 2017

Important Financial Components	2015		2016		2017	
	Amount of Value	% of total assets	Amount of Value	% of total assets	Amount of Value	% of total assets
Total Assets	2,834	100	2,174	100	11,322	100
Total debt	2,435	86	2,051	94	6,003	53
Total Equity	399	14	122	6	5,319	47

Data source: Stockbit (processed financial data, 2025)

From table 2b it can be explained that during 2015–2017 the financial governance conditions of TRAM did not appear to meet the standards of good financial position governance. The standard for industrial companies is that equity should be 60% of total assets and debt should be 40% of total assets. It appears that in the financial governance of TRAM in 2015–2017, the debt condition was much greater than equity. Of course, this burdened TRAM's finances, in this case TRAM was burdened with interest costs on its debt.

In 2012, the debt situation increased, reaching 60% of total assets, while equity decreased to 40% of total assets. This financial governance situation worsened. It can be said that in 2012, 2013, 2015, 2016, and 2017, the financial governance situation in TRAM's financial position was not met, with the amount of debt exceeding its equity. In 2016, debt increased significantly, reaching 94% of total assets, while equity was only 6%. This means that TRAM's financial governance situation in 2016 was very unhealthy. The financial governance situation in TRAM in 2012, 2013, 2015, 2016, and 2017 should be a warning that there is something wrong with the management of financial governance. Therefore, Jiwasraya should not have invested in TRAM in 2012–2017.

Profitability Analysis

The next discussion is the 2012–2017 Income Statement. Table 3 shows the components of the 2012–2017 income statement. The expected component is a profit, which is a prerequisite for Jiwasraya's investment in TRAM. Table 3 summarizes TRAM's income and net profit or loss for the period 2012–2017. The profitability results reveal substantial volatility in TRAM's financial performance. The company recorded net losses in five out of six observation years. Losses occurred in 2012, 2014, 2015, and 2016, with the most severe loss recorded in 2015, amounting to IDR 1,023 billion. Only marginal profits were recorded in 2013 and 2017. This persistent inability to generate stable profits indicates weak operational performance and raises concerns regarding the sustainability of the company's business model during the period of observation.

Table 3

Income Statement Summary of PT Trada Alam Minera Tbk, 2012–2017 (in billion IDR)

Profit and Loss components	Year of Observation					
	2012	2013	2014	2015	2016	2017
Income	526	770	746	452	358	517
Net profit and loss	-297	47	-421	-1,023	-274	4

Data source: Stockbit (processed financial data, 2025)

TRAM's profit and loss statements for 2012–2017 show highly fluctuating financial management. In 2012, the company lost -297 billion, in 2013 it profit 47 billion, in 2014 it lost -421 billion, in 2015 it

lost 1.023 billion, in 2016 it lost -274 billion, and in 2017 it profit 4 billion. This type of financial management is also not ideal. The financial management of TRAM's profit and loss statements for 2012, 2013, 2015, 2016, and 2017 should be a warning that there are shortcomings in financial management, particularly in achieving net profit. Therefore, Jiwasraya should not have invested in TRAM in 2012–2017. The next discussion concerns the Cash Flow Statement from the company's operating activities for 2012–2017. Table 4 presents the components of the Cash Flow Statement from the company's operating activities for 2012–2017. The expected component is a favorable cash flow, which is a prerequisite for Jiwasraya's investment in TRAM.

Cash Flow from Operations Analysis

Table 4 presents TRAM's cash flow from operating activities and its operating cash flow ratio relative to current liabilities. The operating cash flow ratio, calculated as operating cash flow divided by current liabilities, remained below 1 throughout the observation period. This indicates that TRAM was unable to meet its short-term obligations solely from operating cash flows.

Although operating cash flow was positive in several years, the magnitude was insufficient relative to current liabilities, reflecting structural liquidity constraints. The sharp decline in operating cash flow in 2017 further underscores the company's weakened operational capacity.

Table 4

Cash Flow from Operating Activities of PT Trada Alam Minera Tbk, 2012–2017
(in billion IDR)

Important Financial Components	Year of Observation					
	2012	2013	2014	2015	2016	2017
CFFO	176	193	204	85	143	4
Current Liabilities	1754	1826	1476	1914	1667	1741
Cash Flow Ratio	0,27	0,23	0,26	0,19	0,40	0,00

Data source: Stockbit (processed financial data, 2025)

Cash flow statement analysis provides information on the sources and uses of cash, as well as forecasts of future cash sources and uses. Cash flow statement ratio analysis can be used to analyze a company's financial performance. Darsono and Ashari (2005:9, in Lie et al., 2021) define cash flow ratios as a way to assess financial performance through cash flow statements. This ratio calculates the ability of operating cash flow to pay current liabilities. An operating cash flow ratio below 1 (one) indicates the company's inability to pay current liabilities without using cash flow from other activities. The operating cash flow ratio is measured by dividing the total cash flow generated from operations by the total current liabilities. This ratio is used to assess a company's ability to pay its current liabilities. If the ratio is below 1, theoretically, the company is incapable of paying its current liabilities. In the table above, all of TRAM's cash flow ratios from 2012 to 2017 are below 1. This means that, according to cash flow ratio theory, TRAM was unable to pay its short-term liabilities from 2012 to 2017.

Considering the financial governance conditions of TRAM, the cash flow ratios for 2012, 2013, 2015, 2016, and 2017 should be a warning sign that there is something lacking in financial governance, particularly in achieving the cash flow ratio. Therefore, Jiwasraya should not have invested in TRAM between 2012 and 2017.

Dividend Policy Analysis

The next discussion concerns TRAM's Dividend Distribution Report for 2012–2017. Table 5 presents the company's dividend distribution components for 2012–2017. The expected components are annual dividend distributions from PT Trada Alam Minera, as a condition for Jiwasraya's investment in TRAM. Table 5 presents TRAM's dividend distribution during 2012–2017. The results show that TRAM did not distribute dividends during the entire observation period. The absence of dividend payments is consistent with the company's weak profitability and liquidity conditions, suggesting that retained earnings were insufficient to support shareholder distributions.

Table 5

Dividend Distribution of PT Trada Alam Minera Tbk, 2012–2017

Important Financial Components	Year of Observation					
	2012	2013	2014	2015	2016	2017
Divident	0	0	0	0	0	0

Data source: Stockbit (processed financial data, 2025)

Regarding dividend distribution governance for 2012–2017, as seen in Table 5 above, according to Stockbit data, TRAM never distributed dividends. It can be concluded that TRAM did not distribute dividends in 2012, 2013, 2014, 2015, 2016, and 2017 due to financial difficulties in relation to its profit and loss figures. The financial governance of TRAM's dividend distribution in 2012, 2013, 2015, 2016, and 2017 should have been a warning sign that there was something wrong with the company's financial management, particularly dividend distribution. Therefore, Jiwasraya should have refrained from investing in TRAM in 2012–2017, citing the company's failure to distribute dividends.

TRAM's profit and loss statements for 2012–2017 show highly fluctuating financial management. In 2012, the company lost -297 billion, in 2013 it lost 47 billion, in 2014 it lost -421 billion, in 2015 it lost 1.023 billion, in 2016 it lost -274 billion, and in 2017 it lost 4 billion. This type of financial management is also not ideal. The financial management of TRAM's profit and loss statements for 2012, 2013, 2015, 2016, and 2017 should be a warning that there are shortcomings in financial management, particularly in achieving net profit. Therefore, Jiwasraya should not have invested in TRAM in 2012–2017.

The next discussion concerns the Cash Flow Statement from the company's operating activities for 2012–2017. Table 4 presents the components of the Cash Flow Statement from the company's operating activities for 2012–2017. The expected component is a favorable cash flow, which is a prerequisite for Jiwasraya's investment in TRAM.

Summary of Results

Overall, the results indicate that PT Trada Alam Minera Tbk exhibited persistent weaknesses in its financial governance during 2012–2017. The company was characterized by a high-leverage capital structure, unstable profitability, insufficient operating cash flows, and the absence of dividend distributions. These financial conditions collectively reflect a fragile financial position throughout the period under study.

4.2 Discussion

This study provides empirical evidence that PT Trada Alam Minera Tbk (TRAM) exhibited persistently weak financial governance throughout the period 2012–2017. The findings reveal structural weaknesses in key financial dimensions, including capital structure, profitability, liquidity, and dividend policy. These weaknesses indicate that TRAM did not meet the fundamental criteria of a financially sound publicly listed company during the years in which PT Jiwasraya accumulated TRAM shares. From a financial governance perspective, the dominance of debt over equity across most observation years reflects excessive leverage and weak capital structure management. In particular, the extreme condition observed in 2016—where liabilities accounted for 94% of total assets—suggests a critical vulnerability to financial distress. According to corporate governance theory, such capital structures significantly increase insolvency risk and limit managerial flexibility in responding to adverse economic conditions.

In terms of profitability, TRAM's income statement reveals persistent losses and highly volatile earnings. The inability to generate stable net profits undermines the company's long-term sustainability and contradicts prudent investment principles commonly applied by institutional investors. Profit volatility also signals weak operational efficiency and ineffective strategic management. The cash flow analysis further reinforces the conclusion of poor financial governance. Throughout 2012–2017, operating cash flow ratios consistently remained below one, indicating that TRAM was unable to meet

short-term obligations solely through operating activities. This condition reflects liquidity stress and raises serious concerns regarding the firm's capacity to service debt without relying on external financing.

Additionally, the absence of dividend distributions during the entire observation period reflects both weak financial performance and limited shareholder value creation. For institutional investors such as insurance companies, dividend policy is a crucial indicator of financial health and governance discipline. TRAM's failure to distribute dividends should have been interpreted as an early warning signal.

A critical question arising from these findings is why PT Jiwasraya continued to invest in TRAM despite these unfavorable financial indicators. This study suggests that Jiwasraya's investment decision was not driven by fundamental financial analysis, but rather reflects weaknesses in internal investment governance, risk assessment mechanisms, and external oversight. From a regulatory perspective, this case highlights a broader failure of institutional investment supervision and raises concerns regarding compliance with prudent investment principles mandated for insurance companies.

Although this study does not directly test market manipulation mechanisms, the discrepancy between deteriorating financial fundamentals and continued accumulation of TRAM shares is consistent with patterns observed in pump-and-dump schemes documented in prior corporate governance and market abuse literature. This further emphasizes the importance of rigorous fundamental screening and regulatory vigilance. The results of this study clearly demonstrate that the analyzed financial components provide evidence that TRAM's financial governance was poor from 2012 to 2017. Why was PT Jiwasraya entrusted with this poor financial management? PT Jiwasraya should have fully understood this. However, what happened was that PT Jiwasraya invested in TRAM shares, an investment that ultimately led to PT Jiwasraya's bankruptcy. TRAM shares were part of PT Jiwasraya's stock investment portfolio.

Research on the financial fundamentals of the affiliated companies that caused Jiwasraya's bankruptcy is necessary because it will uncover important information about the true condition of the affiliated companies that contributed to Jiwasraya's bankruptcy. Data related to stock transactions in the affiliated companies that caused Jiwasraya's bankruptcy is no longer available, as the companies are currently suspended. In fact, it is very important because it will reveal many things if you can analyze stock transaction data in those years.

5. Conclusion and Recommendations

5.1 Conclusion

Based on the analysis of financial governance at PT Trada Alam Minera Tbk during the period 2012–2017, several key conclusions can be drawn. First, the study demonstrates that TRAM consistently exhibited poor financial governance, as evidenced by excessive leverage, unstable and predominantly negative profitability, weak operating cash flow capacity, and the absence of dividend distributions. These indicators collectively signal a fragile financial condition that was incompatible with prudent institutional investment standards. This paper presents an analysis of the financial governance of TRAM from 2012 to 2017. The years 2012 to 2017 were chosen because they align with the research context, reflecting the chronology of TRAM's affiliation with PT Jiwasraya. TRAM's financial data was taken from the Stockbit application. Therefore, TRAM's financial condition before and after 2017 is outside the scope of this paper.

Second, the findings indicate that TRAM's financial fundamentals should have served as clear warning signals for PT Jiwasraya. The persistence of high debt levels, recurring losses, and liquidity constraints suggests that Jiwasraya's investment in TRAM was not supported by sound financial analysis. Consequently, the losses suffered by Jiwasraya cannot be attributed solely to market volatility but must also be understood as a failure of financial governance and investment oversight. The analysis indicates that TRAM's financial governance from 2012 to 2017 was very unhealthy, both in terms of financial position, profit achievement, cash flow ratios, and dividend distribution. The financial management of TRAM in 2012, 2013, 2015, 2016, and 2017 should have been a warning sign that something was amiss in its financial management. Therefore, PT Jiwasraya should have refrained from any transactions affiliated with TRAM to safeguard its assets and customer funds..

Third, this study contributes to the existing body of knowledge by providing empirical evidence on how weak financial governance in affiliated listed companies can amplify systemic risk within

institutional investment portfolios, particularly in the insurance sector. By documenting the financial characteristics of one of Jiwasraya's affiliated investee companies, this research extends the literature on corporate governance failure, institutional investment risk, and bankruptcy causation in emerging markets.

5.2 Recommendations

Based on the findings of this study, several recommendations are proposed.

For Regulators (OJK)

OJK should strengthen supervision of institutional investment activities, particularly for insurance companies. Mandatory disclosure of fundamental analysis, stricter leverage thresholds for investee companies, and enhanced monitoring of affiliated transactions are essential to prevent similar cases in the future.

For Institutional Investors

Insurance companies and other institutional investors should reinforce internal investment governance by prioritizing cash-flow-based analysis, leverage control, and long-term profitability indicators. Investments in companies with persistent financial distress indicators should be strictly avoided, regardless of short-term market movements.

For Listed Companies:

Publicly listed companies should improve transparency and financial governance practices, particularly in managing capital structure and liquidity. Sustainable profitability and responsible dividend policies are critical to maintaining investor confidence and long-term market credibility.

For Future Research:

Future studies should incorporate trading pattern analysis, insider transaction data, and qualitative insights from regulatory investigations to better understand the interaction between financial governance failures and market manipulation. Comparative studies across multiple Jiwasraya-affiliated companies would also provide broader insights into systemic governance risks.

Research Limitations

This study is subject to several limitations. First, the analysis relies solely on secondary financial data and does not include internal investment decision documents from PT Jiwasraya. Second, detailed stock trading data were unavailable due to prolonged trading suspension. Third, no interviews with regulators or company management were conducted. These limitations restrict causal inference and highlight opportunities for future research.

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