

The Existence of State-Owned Enterprises (SOEs): A Case on Nusantara Bonded Zone of Indonesia

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Abstract

The number of state-owned enterprises in Indonesia has tended to decline in the last five years due to restructuring by cutting the number of state-owned enterprises. The restructuring was caused by two factors, namely the existence of SOEs that suffered losses and to focus the government's capital participation on SOEs that still existed. This study aims to analyze the existence of PT. Nusantara Bonded Zone as one of the SOEs in Indonesia. The analysis can be seen from the aspects of regulation, budget, and management. This research uses a qualitative approach with a descriptive type of research. Data obtained from interviews with parties who have the capacity to manage PT. Nusantara Bonded Zone. Therefore, the technique of determining informants in this study was purposive sampling. The results showed that the existence of PT. Nusantara Bonded Zone can exist as a SOES in Indonesia by implementing Good Corporate Governance in management aspects, sustainable government funding to improve its financial performance, as well as regulations that accommodate its

flexibility as a business entity.

Keywords: Bonded Zone, Good Corporate Governance, Indonesia, State Owned-Enterprises

Introduction

State-Owned Enterprises as agents of development continued until the 80s period, when this understanding had a "negative" impact because the control function of SOEs was considered inadequate. In the late 80s period (Isharyanto et al., 2021), the management of SOEs was reorganized and focused on their business fields (Hidayah et al., 2020), and the reporting pattern was reorganized, namely by the stipulation of Minister of Finance Decree No. 741/1989 which requires the management of SOEs to make work reports and financial reports as well as publish them (Isharyanto et al., 2021).

As a reflection of the tangible manifestation of Good Corporate Governance programs, which is interpreted, among others, by publishing financial reports, which means that there has been learning and discipline of SOEs towards the implementation of GCG principles (openness) as well as learning about the implementation of Capital Market protocols (capital market) (Jones & Zou, 2017). protocol) at that time. With the implementation of GCG principles, it also contains the intention to be able to separate the function of ownership and function as a regulator (Jia et al., 2016).

An understanding of the separation of the functions of SOEs is very important to avoid the possibility of mistakes in understanding the functions of SOEs which in turn will lead to interventions that start from the owner, then will followed by other interested parties (Haerani et al., 2020). The presence of SOEs is expected to play an important role in supporting the increase in state revenue sourced from SOEs (Haerani et al., 2020). Therefore, the Limited Liability Company PT. Nusantara Bonded Zone is a SOEs which was established based on Law Number 19 of 2003 concerning State-Owned Enterprises, in addition to the 1945 Constitution with the purpose of supporting the increase in state income.

PT. Nusantara Bonded Zone, which is a SOEs to create a national economy that supports the increase in state revenue to realize community welfare, especially in the implementation of quality public services for the community (Hermansjah et al., 2021). For this reason, the management of production branches and economic resources that are important for national economic development becomes the basis for the management of State-Owned Enterprises in Indonesia (Lestari & Adi, 2021), although there are still various problems that still need basic handling.

Handling that needs to be done fundamentally for PT. The Nusantara Bonded Zone as a SOEs can be seen from the role of government policy in providing guidance to State-Owned Enterprises, which until now is still not optimal. It should be noted that the Company's management is expected to improve and maintain efficiency and effectiveness, as well as company productivity, in order to support the objectives of the national economic development program, namely the welfare of the community through control of production branches in accordance with the mandate of Article 33 of the 1945 Constitution (Fourth Amendment).

State-Owned Enterprises, which is one of the tangible manifestations of Article 33 of the 1945 Constitution, has a strategic position in improving people's welfare. However, the question that needs to be looked at together is how can SOEs become a tool of the state to improve the welfare of the Indonesian people and nation? The answer to this question can be found through the contribution of State-Owned Enterprises through taxes/dividends which support the increase in state revenues.

According to Erick Tohir, SOEs Minister of Indonesia, in his presentation about the contribution of SOEs as released by *Bisnis.com* media, last year it reached Rp. 375 trillion, consisting of tax payments worth Rp. 245 trillion. Then, SOES dividend payments were recorded at Rp. 44 trillion and Non-Tax National Revenue (PNBP) payments of Rp. 86 trillion (Arif, 2021).

This performance is lower than the 2019 fiscal year. In 2019, before the pandemic, SOE tax payments reached Rp. 285 trillion, PNBP payments were worth Rp. 86 trillion, and dividend payments were Rp. 50 trillion. Although stagnant, said Eric Tohir who claimed that so far the role of SOEs as an alternative source of state revenue was quite satisfactory. This is reflected in the large difference in funds deposited by state-owned corporations compared to the allocation of state capital participation (PMN). Meanwhile, dividends or the government's share of SOEs profits are included in the income from separated state assets. The 2022 RAPBN notes that the outlook for the total dividend of SOEs in 2021 is only Rp. 30 trillion, a decrease of 48.66 percent compared to last year which reached Rp. 44.6 trillion (Arif, 2021).

Method

This study uses a qualitative approach with a descriptive type of research with a research focus on PT. Nusantara Bonded Zone as a State-Owned Enterprise, so that there is no bias in perceiving and reviewing the problems studied. Data was collected qualitatively, namely by interviewing the informants who were determined by purposive sampling technique. The informants in this study were the President Director of PT. KBN, Deputy Director of Finance, Head of Human Resources Division, Head of Quality Assurance Division, and Head of Service Division. The data analysis technique was carried out by qualitative data analysis which included data reduction, data display, and drawing conclusions.

Result and Discussion

The Existence of Nusantara Bonded Zone as SOEs

The existence of the company, in addition to regulation and management quality, must also be supported by funds, protection and transparency. Therefore, if PT. The Nusantara Bonded Zone (PT. KBN) is intended to be a support for increasing state revenue for the administration of government, then; regulation and management quality, as well as financial support, protection, and transparency need serious attention, because without serious attention, PT. The Nusantara Bonded Zone (PT. KBN) will not be able to carry out its function as a supporter of increasing state revenue for the administration of Indonesian government. For this reason, the presence of the state (government) in managing the company is absolutely necessary so that the burden of social responsibility according to the

purpose of its establishment, both to the government and to the community as a State-Owned Enterprise will be realized as expected.

A. Management

If PT. Nusantara Bonded Zone (PT. KBN) as a SOEs which is expected to be a supporter of state revenue for the administration of government in Indonesia, it is necessary to have a government policy that can cover the management of SOEs. A SOEs can be implemented based on the applicable laws and regulations. Legal standing for P.T. Nusantara Bonded Zone (PT. KBN) as a SOEs in its management to maintain its existence so that it becomes a supporter of increasing state revenue for the benefit of the Indonesian government, requires a legal standing as a basis for running its business, because without a legal standing as a basis for activities, then it is very possible to give birth to legal problems which in turn PT. The Nusantara Bonded Zone (PT. KBN) faces threats that will disrupt its activities.

State-Owned Enterprises have a very important role in supporting the increase in state revenues for the administration of government. Therefore, State-Owned Enterprises need to be further developed, so that their active role in supporting state revenues is more reliable (Garde-Sanchez et al., 2018). A reliable State-Owned Enterprise is a Business Entity that can contribute to increasing state revenues for the administration of Indonesian government. Please note that P.T. Nusantara Bonded Zone (PT. KBN) as a State-Owned Company can be a mainstay in supporting the increase in state revenue for the administration of government if it manages to maintain its existence in global competition.

The SOEs cannot be released alone to face global competition, because at least there are two functions that plague the SOEs; (1) are required to gain as much profit as possible on the one hand (Isharyanto et al., 2021), and on the other, (2) the manifestation of social functions that cannot be avoided (Isharyanto et al., 2021; Nem Singh & Chen, 2018). The effects of trade in the global era are experiencing drastic changes, because in order to maintain the company's existence (Lin et al., 2020), in addition to requiring sufficient capital, it also requires skills in the use of technology for company employees, so that companies can easily adapt to changes in the atmosphere and changes in the business climate in a changing world. is now global. For this reason, collaboration between other state companies is needed. The word 'collaboration' initially began to be used in the nineteenth century as the development of industrialization, at that time, more organizations emerged with the division of labor according to the increasing tasks and functions in the organization so that it became the basic norm of utilitarianism, social liberalism, collectivism, mutual assistance (Hewison, 2020) and, then, scientific management and the relationship between humans and organizational theory. Collaboration that is meant in the discussion of this dissertation is working together with other people, or other parties, or other institutions to achieve common goals as agreed upon. Collaboration implies actors, groups or organizations in working together with the aim of achieving a common goal (Ansell, Chris & Gash, 2007).

Collaboration is not framed in a bureaucratic mindset (in the real sense, from table to table), but adapts to business interests (business bureaucracy). Therefore, the current collaboration is a wave of public sector reform (after hierarchy, managerialism, 'new public management' and the benefits gained through market mechanisms), it is very possible for the government to

reconsider the use of appropriate methods, and the best strategy and positive energy to achieve maximum results.

Along with the development of the business world in the global era, it shows that there are at least four types of collaborative relationships among actors that actually play a global market, namely; (1) collaboration within government institutions involving institutions that play a role in global markets, (2) collaboration between government institutions by involving institutions from various jurisdictions that fall into the category of “players” in the global market, (3) collaboration between governments and providers/third parties (external) in the field of goods and or services, and (4) collaboration between the government and individual citizens/clients. Four types of relationships related to collaborative relationships as stated above, need serious attention, both personnel PT. Nusantara Bonded Zone, as a State-Owned Enterprise (SOES) in particular, and State-Owned Enterprises in general, because 4 (four) types of collaborative relationships are very possible to be played by the private sector as a company that prioritizes corporate profits.

B. Regulation

PT. Nusantara Bonded Zone was established as an SOE for the first time in Government Regulation No. 22 of 1986 concerning Bonded Zone. Regulation can take many forms, but the most common are government regulation and self-regulation. It should be noted that the Government Regulation, which serves as the foundation for business regulation (especially for State-Owned Enterprises) (Tang et al., 2020), is an extension of the law which is intended to carry out business-related regulations, including business conducted by State-Owned Enterprises such as PT. Nusantara Bonded Zone (PT. KBN) and the private sector to control several ways that can be done by businesses or individuals to comply with legal rules in conducting business.

In the institutional aspect and restructuring as the object of regulation related to SOEs, there is also government attention from the governance aspect. This can be seen from the Decree of the Minister of State-Owned Enterprises Number: PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance (GCG) in SOEs as amended by the Decree of the Minister of State-Owned Enterprises Number: PER-09/MBU/2012. Regulations regarding GCG itself are not new. Previously, regulations regarding GCG had existed and were pursued in this direction, namely with the issuance of the Decree of the Minister of State-Owned Enterprises Utilization No. 23 of 1998 which requires transparency among SOE management. This was followed by the issuance of Decree Number: KEP-117/M-MBU/2002 concerning the Implementation of GCG Practices in SOEs.

Regulations related to GCG should be able to create a conducive working climate in achieving the targets in the vision and mission of SOEs internally, while externally it is hoped that SOEs that were previously unproductive and tend to have problems can again gain a positive image and trust from the public (Haerani et al., 2020). The implementation of GCG is very necessary to foster good SOE governance, so that the performance of SOEs is expected to reach its maximum point. The better the implementation of GCG in a company, the more organized the corporate management will be, so that it can achieve the performance

targets that have been set.

As previously stated, PT. Nusantara Bonded Zone (PT. KBN) requires its own regulatory method to realize the company's vision and mission. The concept used in accordance with the company's vision and mission is intended to achieve the best possible results. The best way to evaluate a state company's performance as a government-owned company is to look for links between program implementation and measures of success. If the relationship is viewed through the lens of economic performance, it can, of course, be measured by referring to relatively standard criteria, such as GDP growth, and the concept of government accountability to State-Owned Enterprises, which can be evaluated through a stakeholder survey. Of course, subjective measures are widely used and relied on in a variety of contexts. However, it is being used in an effort to identify corporate governance links in state-owned enterprises.

Regulations made by the government on State-Owned Enterprises are certainly inseparable from the linkage of government entities that work in policies and institutional environments that are well designed, maintained, and adapted, and are intended to increase accountability, and improve corporate governance to be better (Haerani et al., 2020; Hermansjah et al., 2021). So that the company can fulfill its obligations to the state as a support for state revenue for the administration of government.

C. Budget

The goal of establishing SOES is to contribute to overall economic development and state revenue in particular. Furthermore, SOES has a scope of work that controls the lives of many people, and as a result, it is in a strategic position to improve people's welfare. However, with performance and management still below par, SOES has the potential to impose a fiscal burden that could jeopardize efforts to maintain fiscal sustainability. In this case, the performance of SOES has an impact on state revenues and expenditures (Lestari & Adi, 2021). On the revenue side, SOES contributes to state revenues, both tax and non-tax revenues. Meanwhile, in terms of expenditures by Officials (1) PT. Nusantara Bonded Zone (PT. KBN) who was interviewed at his office on March 19, 2021 stated that if SOES had a poor performance, it would eventually burden state spending.

In addition to the shift in KBN management paradigm, government and local government policies regarding financial assistance are linked to the capital investment provided. According to the results of the Extraordinary General Meeting of Shareholders on August 20, 2009, a plan to increase the Government Capital Participation (PMP) of DKI Jakarta Province in the amount of Rp.175 billion was approved for KBN.

The results of the Extraordinary GMS of PT KBN (Persero), dated March 30, 2010, the Provincial Government of DKI Jakarta has deposited an additional Equity Participation of Rp.175,912,695,000.00 through the issuance of new shares which will be used for the development of the area in Marunda as a Special Economic Zone and the company's business development, for Equity Participation of Rp.175.00 billion. In addition, the desire of the DKI Jakarta Provincial Government to re-add its share investment for the following years to PT KBN (Persero).

D. Management Quality

In 2016, environmental manuals and compliance with the elements of the Environmental Management System (EMS) have been established and internal and external audits have been carried out in order for PT KBN to achieve the ISO 14001:2015 Environmental Management System (EMS) Certification. After an external audit was carried out by the QSCert Certification Body, in October 2016 PT KBN was declared entitled to receive the ISO 14001:2015 Environmental Management System (EMS) Certificate, with Certificate No. E-8482/16 is valid from October 12, 2016 to October 11, 2019. Good corporate governance is the principle that underlies the achievement of the company's vision and mission. The philosophy of these principles is, transparency, accountability, responsibility, independence, and fairness. The implementation of GCG includes:

- 1) The targets to be achieved by the company are described in the RKAP which is prepared by involving all elements from all work units and determined in the GMS;
- 2) To realize the achievement of targets and compliance with applicable regulations, periodic evaluations are carried out every month;
- 3) Publish financial reports and company operational activities on a regular basis which are distributed to shareholders in a timely manner;
- 4) Carry out payment of obligations in the field of taxation in accordance with applicable regulations;
- 5) Increase efficiency and effectiveness as well as optimization in all fields;
- 6) Establish a procurement control system;
- 7) Establish governance of authority in accordance with the new company organizational structure and its changes according to company developments;
- 8) Establish the company's vision, mission, and goals in accordance with the 2015 – 2019 RJPP;
- 9) Setting targets, goals and corporate culture in an effort to achieve the company's vision and mission, which are translated into quality targets and targets for each work unit;
- 10) To stipulate personnel regulations covering the process of developing human resources, maintaining human resources, awarding HR, as well as provisions regarding the relationship between employees and the company;
- 11) Service to customers is based on the principles of excellent service (total quality service);
- 12) Improving the quality of service to investors by implementing QMS ISO 9001:2015.

In line with the GCG principles applied in the management of KBN, Head of Planning and Supervision Division of KBN revealed that the management and corporate governance were also made several adjustments to realize GCG, in full it said that "... in line with the implementation of corporate governance, the efforts made were to implement the ISO 9001:2008 Series Quality Management System since March 2010 and in March 2017 the Quality Management System Upgrade to ISO 9001:2015 "and the establishment of policies for implementing corporate culture transformation". This is also evident in the company profile document KBN compiled in 2020 is related to efforts to achieve GCG.

Closing

The existence of State-Owned Companies, especially the Nusantara Bonded Zone, can be seen from regulations that can provide an umbrella for companies so that they have the power to compete in the global market, support that can strengthen capital so that companies can play their role in global trade, protection that can provide market opportunities, so that companies can dominate market, quality management that can lead the company to achieve its vision and mission with the strength of existing personnel, management transparency that can unite the company's steps in carrying out its mission.

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