SUPER HOLDING OF STATE-OWNED ENTERPRISE (SOEs) TO REALIZE A HEALTHY COMPANY BASED ON THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE TO CREATE THE PROSPERITY OF ALL INDOONESIAN PEOPLE

a Rezzy, b Isis Ikhwansyah, c Nyulistiowati Suryanti, dAgus Darmawan

ABSTRACT

Objective: This research aims to explore the establishment of a super holding for State-Owned Enterprises (SOEs) in Indonesia, focusing on the implementation of good corporate governance principles. The goal is to create prosperity for all Indonesian people and to enhance government investment management and national development.

Method: This study employs a normative legal research approach. The methodology involves researching and reviewing normative legal materials, including applicable laws and regulations. The analysis centers around the establishment of a super holding in SOE management, particularly in relation to state responsibility in financial management and the renewal of SOE management laws.

Result: The findings indicate that the establishment of a super holding for SOEs is a significant step in improving government investment management and national development. In this concept, SOEs are managed as a group of companies with a focus on transparency, state wealth management, and appropriate investment strategies.

Conclusions: The formation of a super holding for SOEs is expected to bring strategic benefits in financial management, transparency, infrastructure development, and risk reduction. Its primary objective is to promote general welfare by providing adequate goods and services and contributing to national economic development.

Keywords: Super Holding, SOE, Legal.
RESUMO

Objetivo: Este estudo visa explorar a criação de uma super holding para empresas estatais (SOE) na Indonésia, com foco na implementação de princípios de boa governança corporativa. O objetivo é criar prosperidade para todos os indonésios e melhorar a gestão do investimento do governo e o desenvolvimento nacional.

Método: Este estudo emprega uma abordagem normativa de pesquisa jurídica. A metodologia envolve a pesquisa e revisão de materiais legais normativos, incluindo leis e regulamentos aplicáveis. A análise centra-se no estabelecimento de uma super-participação na gestão do SEE, em especial no que diz respeito à responsabilidade do Estado na gestão financeira e à renovação da legislação de gestão do SEE.

Resultado: As conclusões indicam que a criação de uma super-exploração para as empresas estatais constitui um passo significativo para melhorar a gestão do investimento público e o desenvolvimento nacional. Neste conceito, as empresas estatais são geridas como um grupo de empresas com foco na transparência, na gestão da riqueza do Estado e em estratégias de investimento apropriadas.

Conclusões: Espera-se que a formação de uma super-holding para as empresas estatais traga benefícios estratégicos em termos de gestão financeira, transparência, desenvolvimento de infraestruturas e redução de riscos. O seu principal objetivo é promover o bem-estar geral, fornecendo bens e serviços adequados e contribuindo para o desenvolvimento econômico nacional.

Palavras-chave: Super Holding, SOE, Legal.

1 INTRODUTÓRIA

SOE finance is included in the category of segregated state wealth. However, in the context of regulating of State-Owned Enterprise as a business entity, it has its own law that specifically regulates SOE, such as Law Number 19 of 2003 concerning SOE. In addition to these laws, there are other laws and regulations that apply and bind SOE. For instance, the Law on Limited Liability Companies applies to SOE in the form of a Persero, Law Number 8 of 1999 concerning Capital Markets applies to SOE in the form of Public Limited Company, and sectoral laws and regulations that will be binding on SOE running their business in that field.

The involvement of the State either directly or indirectly through its entities or legal entities including SOE in commercial activities has been going on for a long time. In general, commercial activities are engaged in various fields, such as mining,
electronics, plantations, transportation, irrigation, provision and maintenance of various public facilities and others (Mutascu, 2009).

The paradigm shifts of the public economy (the role of government in driving the economy is highly prominent) into the market economy (economic management based on market mechanisms and competition) has been symptomatic throughout the world today. Regarding to the foundation of operations on the market and competition mechanisms, it is expected that it will encourage individuals and business entities including SOE to be creative, innovative and continue to take initiatives based on entrepreneurship and cost efficiency. Better management of SOE as part of a healthy company is highly strategic to be carried out as a source of funding in the State Budget (APBN).

SOE is a dominant business player in many developing countries, including in Indonesia. SOE’s role in the public interest in the economy is extremely large, managed in a healthy manner, some public needs for electricity, oil and gas fuel, clean water, telecommunications, foodstuffs, banking are still mostly carried out by SOE. The contribution of SOE to the State Budget has a positive impact on the economy since the state budget revenue from SOE will be realized in capital expenditure and operational expenditure to increase economic growth. In addition, indirectly, SOE can be a driver of economic growth through large capital expenditures and operational expenditures. In 2006 and 2007, the contribution of SOE capital expenditure was greater than state expenditure through the State Budget.

SOE in developing countries have several weaknesses, including: i) experiencing inefficiencies, overstaffing and low productivity; ii) having low quality of goods/services; iii) not be independent; iv) bureaucratic participation; v) doing slow in every decision; vi) not optimal in asset utilization (La Porta, et al., 2000). Laporta et al (2000) also explained that many developing countries still hold the principle that the state should still hold control over strategic of SOE, such as the defense industry sector, the steel industry, or even the banking sector. This type of SOE is usually given monopoly rights to protect its position. The importance of the state controlling strategic sectors through its SOE is due to the view that the state is a locomotive for economic growth, especially through physical development.

The very strategic role of SOE makes the management of SOE need to be carried out optimally through restructuring policy in the context of restructuring SOE. In the
global context, the restructuring of SOE through the privatization policy of SOE has been carried out in many countries, including one of them is in China. 86 percent of the approximately 87,000 SOE that have been restructured, nearly 70 percent have been privatized, either partially or fully, about 10 percent liquidated, and 20 percent is mergers. The privatization policy developed in China is that the Chinese government retains ownership in large SOE and releases its ownership in small SOE. For large SOE, only partial privatization is carried out in order to invite strategic investors and foster a new, more competitive culture, while for small SOEs the government releases the majority of shares to the public through the sale of shares (IPO) in the capital market, so that the development of the capital market industry increases rapidly in China (Cao., et al, 1999).

The existence of SOE is one tangible manifestation related to Article 33 of the 1945 Constitution, which states that: i) branches of production that are important for the State and that control the lives of many people are controlled by the State; and ii) the earth and water and the natural resources contained therein are controlled by the State and used for the greatest prosperity of the people.

State control is important for the prosperity of the people and the people can enjoy the sources of prosperity from earth, water, and natural resources. This is a strategic position for improving people's prosperity. State control is reflected in Article 1 point 1 of Law Number 19 of 2003 stating that State-Owned Enterprises, hereinafter referred to as SOE, are business entities whose entire or most capital is owned by the State through direct participation derived from separated State assets.

2 THEORETICAL FRAMEWORK

In the definition of SOE, the company element indicates a business entity, including those that carry out business activities, while business is defined as activities by directing energy, thoughts to achieve a goal or purpose and ownership of shares or capital owned by the State. In this case, the SOE Law limits the criterion of state ownership to at least 51 percent while the separated state wealth is the separation of state wealth from the State Budget and State Revenue in SOE (individual and public company) and other limited liability companies (Mulhadi, 2010).

SOE is a business entity that carry out activities in certain fields, which generally concern with the public interest, where the role of the government is relatively large, at least by controlling many shareholders. The existence of this State-Owned Enterprise is
as a consequence and mandate of the constitution where important things or important branches of production and control the lives of many people are controlled by the state (Fuadi, 2016).

SOE in various countries is increasingly competing with the private sector in global competition. In the regional region, countries such as China, Singapore and Malaysia are countries that can optimize the management of their SOE. In Indonesia itself, the contribution of net profit of Indonesian SOE to GDP is still relatively low, in 2015 which was only 1.3 percent. In addition, nominally the net profit of Indonesian SOE is still relatively low, amounting to 11.8 billion dollars (PwC, 2015).

The establishment of SOE holding is the government's effort to increase the value creation of SOE. In the context of SOE holding, where companies from various business lines (in the context of SOE holding are in the same industry) are combined and formed a holding company that houses these companies. This concept is known as Corporate Parenting Strategy, where there is one company that is the parent company and there are several companies that have various main businesses that become subsidiaries.

A holding company is a company aiming to own shares in one or more other companies and/or regulate one or more of those other companies. Usually (although not always) a holding company has many companies engaged in various business fields. In carrying out the process of forming a holding company, it can be done through three procedures, such as, the residual process, the full procedure, and the programmed procedure.

Until now, several SOE holdings have been formed by the Government, including: Cement Industry SOE Holding, Fertilizer Industry SOE Holding, Mining Industry SOE Holding, Oil and Gas Industry SOE Holding, and Pharmaceutical Industry SOE Holding.

The establishment of several SOE Holdings has not shown optimal results, this case can be observed from the total SOE Assets in 2019 of Rp 8,734 trillion, only generating SOE Profit of Rp152 trillion. It takes a breakthrough effort to restructure SOE which is more than just the formation of SOE Holding, i.e., the formation of Super SOE Holding.

The management of SOE in Indonesia is carried out by the Ministry of SOE, whose task is to organize affair in the field of SOE development in the government to assist the President in organizing the government of the country. Meanwhile, the functions of the Ministry of SOE are: i) formulation and determination of policy
implementation in the field of SOE development; ii) coordination and synchronization of policy implementation in the field of SOE development; iii) management of state property/wealth which is the responsibility of the Ministry of SOEs; and iv) supervision of the implementation of duties within the Ministry of SOE. v) noticing that the performance of SOEs is not optimal, the government through the Ministry of SOE as the Ministry responsible for the development of State-Owned Enterprises (SOE), the Ministry of SOE needs to plan a strategy that can be noticed by the realization of increasing the value and participation of SOEs in the national economy. The transformation of the Ministry of SOEs into a Super holding SOE as carried out in several countries is one of the efforts to improve performance in the management of SOEs in Indonesia.

The conception of Super Holding SOE has an impact on the institutional transformation of the Ministry of SOEs as a regulator of SOE management and the power of government shareholders from previously in the form of a Ministry to special legal entity / sui generis. As a government agency, the Ministry of SOEs faces several obstacles in its function as a regulator of SOEs, including: i) ineffective bureaucratic levels and decision-making processes; ii) lack of supervision and risk management of programs and assignments to SOEs; iii) the non-integration of the SOE performance reporting and appraisal system; and iv) the complexity of stakeholders, both external and internal (Tjandra, 2013).

By the idea of establishing a Super Holding SOEs in the management of SOEs regulated in separate laws and regulations, it is expected that it will realize state responsibility in state financial management and encourage better legal reform in the management of SOEs. Clear legal tools are needed to create good governance in the implementation of government investment (Da Silva et al., 2023; Pereira et al., 2013). The main factor for law to play a role in economic development is whether the law is able to create stability, predictability and fairness (reflecting the values of justice) (Rajagukguk, 2003).

The establishment of Super Holding BUMN as special legal entity / sui generis that oversees SOE holdings and is expected to be able to replace and optimize the current function of the Ministry of SOEs. Super Holding BUMN is expected to encourage the management of SOEs to be able to become agents of development and value creation. In other words, this BUMN Super Holding is tasked with developing the scale of the SOE
business while ensuring that the increase in business scale provides added value to the Indonesian economy.

3 METHODS

The research was conducted by reviewing the prevailing laws and regulations associated with theories related to the establishment of Super Holding SOEs in the management of SOEs to realize state responsibility in state financial management associated with the renewal of SOE management laws. This research is normative legal research since legal research is carried out by researching and reviewing legal materials that contain normative rules (Soekanto & Mamudji, 2014).

This legal research uses secondary data as the primary data and is supported by primary data. This legal research includes positive legal inventory research, research on legal principles, in concerto legal research, research on legal systematics and research on vertical and horizontal synchronization levels (Soemitro, 1990).

Moreover, this research uses a futuristic approach. Data collection is carried out mainly by document study techniques (library research and online research) by inventorying the necessary secondary data, both in the form of primary, secondary and tertiary legal materials; tracing its history and synchronizing between these legal materials.

The data sources used are mainly secondary data in the form of primary, secondary and tertiary legal materials, supported by primary data. The primary legal materials used consist of laws and regulations, especially those related to government investment management, state finance, and good governance of public services, among others.

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<td>Minister of State-Owned Enterprise (SOE) Regulation Number PER-01/MBU/03/2020 concerning Organization and Work Procedures of the Ministry of SOE</td>
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To sharpen the analysis, comparisons will also be made with Germany, Malaysia and Singapore. The three countries are used as a comparison because the management of government investment in these countries is quite successful and represents different legal systems. Germany adheres to the same *Continental European* legal system as Indonesia and Malaysia and Singapore adheres to the *Anglo Saxon* legal system. Singapore is used as a comparison considering that it is the same developing country as Indonesia but has a different legal system. In addition, a comparative legal study was also conducted related to the existing SOE management institutions, both in the form of *Development Financial Institution* (DFI) and in the form of *Sovereign Wealth Fund* (SWF) to find the best Super Holding SOE concept / model to be formed in Indonesia.

Secondary legal materials used include scientific papers, research results and literature related to the substance of the study; coupled with tertiary legal materials, i.e., materials that support information on primary and secondary legal materials, including data from newspapers, journals, dictionaries, encyclopedias (Nasution, 2008).

Primary, secondary, and tertiary legal materials, in this study will be obtained both from libraries and through the internet. For secondary data and information in the form of numbers, statistical tests are not conducted since these numbers are not intended to test hypotheses but as supporting data or tools in conducting qualitative analysis (Lexy, 2011).

The analytical instruments used in research are methods of legal interpretation, such as: grammatical interpretation, legal history, and legislation, systematic, sociological, teleological, functional, and futuristic, to obtain clarity and find solutions to the problems studied. The writing of this research is conducted through normative research activities, which focus more on the study of documents in the form of literature through library techniques and online research.

4 RESULTS AND DISCUSSION

4.1 ESTABLISHMENT OF SOES HOLDING TO REALIZE A HEALTHY SOES.

The independence of the Company as a business entity is an important thing that must be maintained, so that the Company can be managed professionally and can develop well which is appropriate with the business objectives. The professionalism of SOEs is strongly influenced by three main factors, such as: i) the legal status of the company; ii) independence from the SOE; and iii) freedom from interference by any party. Regarding these three factors, the existing SOEs will become bureaucratic companies since their
existence is very dependent on other parties from the company. Since the period of Indonesia's independence until now, state-owned enterprises have played an important role in infrastructure development and also the country's economy. The State carries out economic activities in the framework of implementing Article 33 of the 1945 Constitution. The rationale in Article 33 point (3) of the 1945 Constitution, states that, "Earth, water, and natural resources contained therein are controlled by the state and used as much as possible for the prosperity of the people". SOEs aim to obtain profits and carry out several tasks that are more macro in nature, such as maintaining economic/price stability, and to fulfill the nature of public service assignments or agents of development and pioneering.

At present, SOEs in carrying out their duties require several improvements to their management system to lift their performance. Such repair devices include creating system controls. The paradigm of SOEs can simultaneously be changed, including the mindset of management, employees and technology systems must be improved.

The Company as a unique form of legal subject has several theories that arise due to the understanding of the company as a legal entity. Legal entity itself can be interpreted as everything that based on the demands of the needs of society by law is recognized as a supporter of rights and obligations. Theories in limited liability companies arise due to the personality elements of the company, namely Realistic Theory, Organ Theory, and Contract Theory (Cooter & Ullen, 2004).

Realistic theory suggests that the law distinguishes markedly between the personality of the company and the personality of the people gathered in it. While the Organ Theory was put forward by Van Gierkie who argued, the company as a legal entity is a "real reality", which is the same as the nature of human personality. The Contract Theory is a theory that states that the company as a legal entity is the embodiment of a contract between the members of the company both between each other and with other related parties intended to manage strategic business sectors so as not to be controlled by certain parties.

Business fields that concern the livelihoods of many people, such as electricity, oil and gas companies, as mandated in Article 33 of the 1945 Constitution, should be controlled by SOEs. With the existence of SOEs, it is hoped that there can be an increase in community welfare, especially people around the location of SOEs. The social goals of SOEs can be achieved, among others, through job creation and efforts to revive the
local economy. Job creation is achieved through labor recruitment by SOEs. Efforts to revive the local economy can be achieved by involving the community as partners in supporting the smooth process of business activities. This is in line with government policy to empower small, medium enterprises and cooperatives around the location of SOEs (Yusroni & Restiyanto, 2007).

In summary, the explanation of State-Owned Enterprises (SOEs) itself is actually indirectly influenced by Article 33 paragraph (2) of the 1945 Constitution where the state has a constitutional duty to control all sources of economic power such as important production branches that intersect with the livelihoods of the Indonesian people. Legally formally referring to Article 1 point 1 of Law Number 19 of 2013 concerning State-Owned Enterprises, SOEs are business entities whose entire or most capital is owned by the state through direct participation derived from separated state assets.

The existence of State-Owned Enterprises (SOEs) which is one of the tangible manifestations related to Article 33 of the 1945 Constitution, especially paragraphs (2), and (3), namely: i) Paragraph (2) states that the branches of production that are important to the State and that control the lives of many people are controlled by the State; and Paragraph (3) states that the earth and water and the natural resources contained therein are controlled by the State and used for the greatest prosperity of the people.

State control is important so that the welfare of the people and the people can enjoy the sources of people's prosperity from earth, water, and natural resources. This is a strategic position for improving people's welfare. State control is reflected in Article 1 point 1 of Law Number 19 of 2003 states that SOEs are business entities whose entire or most capital is owned by the State through direct participation derived from separated State assets.

The objectives of establishing SOEs as stipulated in Article 2 of Law Number 19 of 2003 are as follows:

a) Contributing to the development of the national economy in general and state revenue in particular. SOEs are expected to improve the quality of services to the community while contributing to increasing national economic growth and helping state financial revenues.

b) Contributing to the development of the national economy in general and state revenue in particular. SOEs are expected to improve the quality of services
to the community while contributing to increasing national economic growth and helping state financial revenues.

c) Organizing public benefits in the form of providing goods and services of high quality and adequate for the fulfillment of the lives of many people. With aims and objectives like this, every result of the business of SOEs, both goods and services can meet the needs of the community.

d) Becoming a pioneer of business activities that have not been able to be carried out by the private sector and cooperatives. Pioneering activities are business activities to provide goods and services needed by the community, but these activities cannot be carried out by the private sector and cooperatives because commercial events are not profitable. In the event of an urgent need for the wider community, the government can also assign a SOE that has a public benefit service function to carry out partnership programs with entrepreneurs of weak economic groups.

e) Actively providing guidance and assistance to entrepreneurs of the weak economy, cooperatives, and the community.

While the benefits of establishing SOEs are an important part of driving the nation's economy, including: a) providing convenience for the wider community in obtaining various means of fulfilling the needs of life in the form of goods or services; b) open and expand employment opportunities for the labor force population; c) prevent the monopoly of markets or goods and services that are the needs of many people by a group of well-capitalized private entrepreneurs; d) improve the quality and quantity of export commodity production as a source of foreign exchange, both oil and gas and non-oil and gas; e) raise funds to replenish the state treasury, which is then used to advance and develop the country's economy.

4.2 THE CONCEPT OF SUPER HOLDING OF STATE-OWNED ENTERPRISE TO CREATE THE PROSPERITY OF INDONESIAN PEOPLE

The existence of State-Owned Enterprises (SOEs) cannot be separated from the ideals of the Indonesian nation. The ideals of the Indonesian nation in line with the existence of SOEs are stated in the Preamble of the 1945 Constitution, i.e., advancing general welfare. It means that the existence of SOEs has a very important role in realizing general welfare, in this case, the prosperity of the people in supporting the implementation
of national development in the economic sector. Based on this case, State-Owned Enterprises (SOEs) are expected; a) improving the implementation of public benefits in the form of the provision of goods and services in sufficient quantity and quality for the fulfillment of the lives of many people; b) Making contributions to state revenues; c) Increasing contribution to national economic development (Hamzah, 2012).

The concept of Super Holding of SOEs was formed in the context of managing government investment and implementing national development financing activities and will be regulated based on a separate law in the form of a SOE in the form of a limited liability company whose entire shares are directly owned by the State (hereinafter Indonesia Holding Company).

A legal entity is as a legal subject covering matters; 1) associations of people (organizations with specific goals); 2) can perform legal acts (recuts handling) in legal relations (recuts betrekking); (3) having their own property; 4) having a manager; 5) having rights and obligations; 6) can be sued or sued before the court (Ali, 2005).

According to the organ theory, a legal entity is not something which is abstract, but it really exists. A legal entity is not a property (right) that is not subjected, but it is a real organism, living and working like a human being. The purpose of a legal entity becomes a collective, independent of individuals. The functioning of a legal entity is equated with the function of a human being, so it can be concluded based on this theory that each association / association of people meets the administrative requirements determined by the legal entity. This legal entity is formed by the state.

The regulation of certain legal entities in a law in Indonesia, currently examples are the law regarding limited liability companies, the law regarding cooperative bodies and the law regarding foundation bodies. Laws and regulations governing separate legal entities include the law on the Deposit Insurance Institution, the law on Bank Indonesia, and the law on the Indonesian Export Financing Institution. From examples of existing sui generis legal entities, including the Deposit Insurance Agency (DIA) and the Indonesian Export Financing Agency (IEFA), each of these institutions has a special assignment in its formation and initial capital comes from separated state assets.

The conception of Super Holding of SOEs will also be regulated in separate laws and regulations, where later this legal entity has a special assignment from the government to optimize the management of SOEs in Indonesia. The concept of Super Holding of SOEs legal entity formed in the framework of government investment
management will be regulated based on separate laws as a financial institution (hereinafter referred to as Super Holding SOEs). Super Holding of SOEs is a legal entity according to the law that will be formed later, subject to its own law, will be a financing institution that has very broad authority and cannot be insolvent in the usual way unless dissolved by a new law. The funding source of Super Holding is segregated state wealth.

In State Administration Law, the way to do government actions (bestursdaad) is very broad classification, one of which is carried out by legal entities that are given a monopoly to exercise their authority. In the context of SOE management, this as a government act (bestursdaad) will be carried out by operators formed by the state. Super Holding of SOEs as a legal entity in the management of SOEs whose arrangements will be regulated in separate laws is a public institution. With regard to Super Holding SOEs as public institutions, OECD (2001) provides guidance in managing government investment so that the principles of good governance can be realized, with the following guidelines:

a) In determining and classifying institutional forms, it is necessary to consider that: i) institutional forms must be in accordance with objectives, risks and incentives for management; ii) classify several possible institutional forms according to national priorities and interests; and iii) determine the appropriate level of autonomy taking into account financial risks. In this context, the position of Super Holding SOEs as subject to its own laws will be a financing institution that has very broad authority and cannot be insolvent in the usual way unless dissolved by a new law.

b) Legal status, the main key that distinguishes legal status in forming a public agency: whether the agency is subject to private law (Limited liability company) or public law (government). The determination of legal status is related to the duties/activities mandated to the institution. In this context, Super Holding SOEs will be regulated in the law on SOEs. The draft law on Super Holding SOEs is designed into a law lex specialis on laws and regulations concerning financing institutions or financing companies, insurance businesses, banks, and Non-Bank Financial Institutions (LKNB).

c) Control and review over budgeting, for the private: the government as a shareholder. Government control over budgeting only on special matters related to financial risks such as selection of investment type, control or review of
salaries, assignment to public services obligation. Meanwhile, for the public that depends on the government budget: the government budgeting system. Specific things to consider are employee costs and supervision of employees. In this context, the management of SOEs by Super Holding of SOEs includes: planning, investment implementation, investment administration and accountability, supervision and divestment. The management of SOEs carried out by Super Holding SOEs will be complemented by the authority of other institutions as regulators and supervision of SOE management.

d) Every participation of state capital in the framework of establishing SOEs or limited liability companies whose funds come from the State Budget is determined by Government Regulation.

e) Responsibility for assets, supervision of the use of state assets in accordance with the mandate given. In this context, SOEs Super Holding will be responsible for the management of the assets it manages in accordance with laws and regulations.

f) Revenue, determination/revenue policy must be based on the government's review of the annual budget (full cost recovery). In this context, the source of capital for SOEs Super Holding comes from the State Budget and Non-State Budget. For capital derived from the State Budget, among others, from cash funds, state property, state receivables at SOEs or Limited Liability Companies, state-owned shares in SOEs or Limited Liability Companies and/or other state assets. As for SOE capital derived from Non-State Budget, including asset revaluation profits, reserve capitalization, share areas, and/or other sources.

g) Accounting, reporting and examination, are encouraged to use international accounting standards. In this context, to realize transparency and accountability in the implementation of government investment, Super Holding SOEs must carry out accounting for the implementation of government investment.

The implementation of government investment refers to financial accounting standards. In general, things that need to be regulated in the law on Super Holding SOEs are the form of investment bodies and arrangements, especially about objectives, objectives (infrastructure, strategic industries, and securities portfolios), strategies,
Instruments, benefits, institutional and governance forms, wealth of management institutions, and sources of SOE funds (Dewi et al., 2023; Kumar & Dwivedi, 2023).

In the 50 years since SOEs were formed, SOEs in general have not shown encouraging performance. The resulting profit is still very low. For example, in 2000 SOEs had total assets of Rp. 861.52 trillion only able to generate profits of Rp. 13.34 trillion, or with a Return on Assets (ROA) rate of 1.55 percent (Sipayung., et al, 2003). The issue of SOEs concerns the national economic strategy and the interests of the common people. The founding fathers realized from the beginning that Indonesia as a political collectivity did not have enough capital to carry out economic development. The meaning contained in the verses in Article 33 of the 1945 Constitution, describes the role of the state in economic activities.

State control over natural resources is absolute. This policy is not arbitrary of the State, but rather an initial strategy for economic development. However, the control of natural resources as mandated by the constitution does not stop there. The control of natural resources must be fully utilized for the prosperity and welfare of the people. If this obligation is not carried out by the leading Government, then the community has the right to revoke the social contract given between the community and the government. The absolute control of natural resources by the state, operationally and specifically is strengthened in the previous paragraph.

Article 33 paragraph (2) of the 1945 Constitution affirms the role of the state more specifically in business activities. Branches of production that have strategic value are controlled by the State and used to improve the welfare of the community, meaning that the State will take a role in economic activities. But what distinguishes the mission of the State from the private sector, the Company under the auspices of the State not only pursues profits, but also to meet the needs of the community. In this context, SOEs have always been criticized as inefficient economic institutions. It should be realized that the establishment of SOEs is not only a pursuit of profit. As a result, the revenue margin of SOEs is indeed not as large as that obtained by the private sector every period.

The focus carried out by SOEs is to improve the welfare of the people, especially the fulfillment of basic needs. As an illustration, the procurement of cheap housing for the lower middle class, where the National Urban Development Corporation is the pioneer in this case is managed by a state-owned banking institution, i.e., State Savings Bank. Or government intervention in controlling fuel prices since 1980 until now by State
Oil and Gas Mining, electricity subsidies on electricity in simple households and social homes by State Electricity Company, and economy class people's trains by Indonesian Railways Company.

To increase the efficiency and effectiveness of SOEs, the efforts to form SOE Holding to SOEs Super holding become an alternative. The Efforts to establish SOE Holdings by the Indonesian government have become increasingly evident after President Joko Widodo's approval of the proposal of the Minister of SOEs regarding the establishment of six sector-based holdings, such as mining, oil and gas (oil and gas), housing, toll roads, financial services and food.

There needs to be a strong understanding regarding the urgency of forming a SOE Holding including the extent of the meaning and scope of the Holding company in outline. Holding or often termed as a group company, many expert opinions limit the meaning of group companies. A group company is a form of business created from the process of merging or forming a group of two or more companies with a diversity of business activity focuses.

4.3 BUMN SUPER HOLDING RANKING CONCEPT

The President as the head of government holds the power of state financial management as part of government power, including power and position as shareholders / owners of state capital in SOEs. The power or authority of the President as a shareholder/owner of state capital in SOEs is authorized to the Minister of SOEs.

The duties and authorities of the Minister of SOEs as shareholders / owners of state capital in SOEs, among others, include; 1) determine the general policy direction of SOEs; 2) establish SOE business strategies; 3) establish the governance of SOEs; 4) receive and manage dividends/net profit from SOEs; 5) increase and/or decrease the capital of SOEs; 6) restructuring SOEs including by merging, merging, expropriating, separation, establishment of parent companies and dissolution of SOEs; 7) propose and implement privatization; 8) carry out the establishment of SOEs.

The Minister of Finance who is the State General Treasurer, in the framework of implementing SOEs, has the authority, among others: 1) to deposit initial capital at the time of establishment of SOEs; 2) administer state wealth used as capital for SOEs.

The Minister of Technical Affairs is the regulator of the sector where SOEs conduct business activities has the authority to: 1) determine sectoral policies where SOEs
conducted business activities; 2) determine planning and provide funding for assignments to SOEs; 3) coordinate with the Minister and Minister of Finance in the framework of the assignment of SOEs.

In the establishment of Super Holding SOEs, in order to bring benefits to all people, things that also need to be the government’s attention are related to; 1) determine and clearly define the roles, objectives and responsibilities of Super Holding SOEs as determined in transparent (open) management, management of foreign exchange reserves as appropriate according to international standards; 2) carefully and carefully integrate the savings and state revenues derived from trade surpluses, sales of non-renewable mining products, and other funds set aside for strengthening the capital of the SOE Super Holding; 3) implement a good, honest and open management structure; and really design and plan an appropriate investment strategy and reliable risk management so that this BUMN Super Holding can really be used to support and strengthen long-term national development plans (Haryanto &; Solikhin, 2015).

5 CONCLUSION

The establishment of Super Holding SOEs is a significant step to improve government investment management and national development. In this concept, SOEs will be managed as a group of companies with a focus on transparency, state wealth management, and appropriate investment strategies. The main objective of Super Holding of SOEs is to promote general welfare by providing adequate goods and services and contributing to national economic development. Super Holding SOEs is expected to have strategic benefits in financial management, transparency, infrastructure development, and risk reduction. It is important for the government to regulate the roles, goals, and responsibilities of Super Holding SOEs transparently. The integration of significant state revenues with the capital management of SOEs needs to be done carefully and structured. This step needs to be carried out with good management, transparency, and appropriate investment strategies to support long-term national development plans.
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