

THE ROLE OF SOE IN IMPROVING POPULACE WELFARE

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Received 20 Jun 2018 • Revised 5 Oct 2018 • Accepted 10 Nov 2018

Abstract

This study aims to determine and understand the formulation of strategies for the management of state-owned enterprises in accordance with the law in order to enhance the role of SOEs as a supporter of economic development of Indonesia's economy for the welfare of society. Know and understand the contribution of SOEs in the framework of Indonesian economic development for the welfare of society. Knowing and understanding the legal politics of SOE management oriented to improve people's welfare. And know and understand the legal politics in the management of SOEs as a driver of economic development of Indonesia in the welfare state and social welfare. This research is included in the form of paradigm of normative juridical research that is research that emphasizes on the use of legal norms in writing. The result of this research is the contribution of SOEs in Economic Political Development in Indonesia by improving the management, especially the efficiency of the operation, will be able to face the market competition. Improvement measures include business restructuring, reducing the number of employees, implementing management control systems, and other strategic policies. BUMNs that do not perform management improvements will usually face various difficulties, especially in the financial sector.

Keywords: role of SOEs, welfare, public

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Introduction

The government of Indonesia founded SOE with two main aim, the purpose of is the economy and purpose of a social. In the purpose of economy, SOE intended to manage the sectors business strategic so as not controlled by the certain. In fields business relate to many people intent life, like company, electric, oil and earth, as instruction in the Article 33 Constitutions 1945, properly should be controlled by SOE. With the existence of SOE expected to be an increase in populace welfare, especially of the society who were around the location SOE. The purpose of SOE is a social among other can be accomplished through the creation of the work and efforts to evoke local economy. The creation of work achieved through recruitment labor by SOE. The efforts to evoke local economy can be achieved with way include in the company of society as partner to support work in fluency of the process activity business. This is in line with the policy of the government to empower small businesses, middle and cooperative who were around the location of SOE.

Corporations not managed with well very vulnerable to the crisis. To occur crisis monetary that begins in the month july 1997, resulted in many companies that have trouble to make a payment of his debts to the creditur. The crisis monetary begins with the exchange rate weakness rupiahs against the money dollars of Amerika Serikat, that resulted in debt the entrepreneur Indonesia in the form of foreign exchange, good to creditur in and out of the contry into swell incredible so debtor could not afford to pay his debts. This condition to be continue that ultimately overall resulted in on the economic crisis.¹

In beside indicators has mention above, aspect social politic also is aspect important in the conduct studies against a monetary and financial crisis. Indicators crisis and aspect social politic can be seen in several factor as follow:²

First, the level welfare public society to relationship with grow economy of the contry. Step welfare public society it can be measure with average income real to comfort by average worker after calculate step inflation to occur in the contry. If the grow in the sector real was followed by the growth of an average of income real of the community then growth in the sector real can be classified as growth appearance. It can be happen because of the inflation pretty high and low levels of efficiency economic in the country concerned. An example, Indonesia is a country to enjoy growth sector real good enough, will but growth welfare society not balance with growth sector real. It very easier seen with still relative high on the step poverty.³

Second, the level of the bought the general public along with a state of economuc growth. The buy a society is hanging from inflation and welfare. If the level inflation more quickly than level welfare so on the time certain of buy society will be down.

Decreasing power buy society will impact on declining products are produced by the real sector. Thus, growth in sector real will hampered and resulted descent profitability sector real. The decline rates of profitability sector real will affect its ability to meet the obligation to creditur, so there was a cycle uppon system state finances, especially relate to level liquidity of economy.⁴

¹Bank Indonesia, *Mengurai Benang Kusut BLBI*, Edisi II, (Jakarta: Satgas BLBI Bank Indonesia November, 2003), hlm. 3.

²*Ibid*, hlm. 33.

³*Ibid*.

⁴*Ibid*.

Third, the level satisfaction of society to the government policy (*public satisfaction to government policies*). It relate with level of welfare and power buy society of the contry, as has explanation previously. In general the level satisfaction society to the government go down if the public feel existence concentration of wealth (*concentration of wealth*) only on the level society of certain. In the case, Indonesia is an example to clear where happen decadence to the level satisfaction society to the policy government the role as agent happen crisis multidimension to different with other asia countries.

Formation of SOE is not regardless from politic law. Mahfud MD opine politic of the law⁵ is “*legal policy*” or line (policy) official about law will be behave good with construction of the new law or with change law long, in the framework achieve of the purpose contry. Thus, politic law is selection about of the laws will be behave once selection about the laws will be lifted or not behave all of which meant to reach the purpose of the contry as contained in the Opening of the Constitutions 1945.⁶

In the opening of the Constitutions 1945 Alenia 4 and Article 33 paragraph 2 and 3 are Constitution for the Country of Indonesia to clarify himself as state welfare (*welfare state*)⁷ understand of the State Welfare in Trip History born from mazhab of Merchantilisme, ideology of Socialism, and evolution of Capitalism where welfare of populace is the main purpose from the implementation of life nation and country.

Method of the Research

This research to include in form paradigm of the research normative juridical that is research to emphasize on the using norm of the law in written. This research was examine strategy management of SOE- Shareholder according to the law company in framework to increase role of SOE- Shareholder as support government economy of Indonesia.

The approach of the research appropriate with the kind of research is diagnostic the research law observe the symptoms of law in setting up a events of SOE-Shareholder as booster of development politic economy of Indonesia in realization the purpose of welfare state (welfare state) and social welfare (social welfare).

The law used is:

a. The law primary

That is the source of the law is a brace or base the law is like a regulation of the constitutions, that is:

1. The law of the state of the Republic Indonesia of 1945.
2. The law No. 19 of 2003 about State Owned Enterprise
3. The law No. 40 of 2007 about Limited Company
4. The regulation of Indonesia Bank No 8/4/PBI/2006 About the implementation *Good Corporate Governance for the Public Bank*.
5. The regulation of Ministry of Home Affairs No 3 of 1998 about the form of law is ROE.
6. The regulation of State Minister of SOE No Per-01/MBU/2011 about The application of *Good Corporate Governance (Good Corporate Governance)* of the SOE.

b. The law secondary

⁵Lihat Teuku Mohammad Radhie, “Pembaruan dan Politik Hukum dalam Rangka Pembangunan Nasional,” dalam *Majalah Prisma* No. 6 Tahun II, Desember 1973, hlm. 3.

⁶Moh. Mahfud MD, *Politik Hukum di Indonesia*, (Jakarta : PT. Raja Grafindo Persada, 2012), hlm. 26.

⁷H. kaelan M.S, *Pendidikan Kewarganegaraan untuk Perguruan Tinggi*, (Yogyakarta : Paradigma, 2007) hlm. 99.

Which is the material that gives an explanation about the sources of primary law such as the material in the form of books, daily or magazine, and scientific writing.

c. The law tertiary

Which is the material law is dictionary of law which is Black's Law Dictionary eight of 2004.

Collection Techniques and Data Management

Collection Method and data management is Library Research (*Library Research*). In this literature study that is done is to study and read the book- the book of the law of civil procedure and philosophy law with theory of law that material can be relate with problems to relationship with this research to found theory of law.

Analysis of the Material Law

As efforts to be able to answer or solve the issues raised in this research, the used methods of qualitative data analysis, data in the form of words ,images, and sound, qualitative data. In technique excavation qualitative data must be controlled by researcher in field of law. After data collection and then analyzed so that conclusions can be drawn which can be accounted for scientifically.

The Result and Discussion

The Implementation of Management SOE to Populace Welfare

In frame reform efforts of SOE contained in the masterplan SOE of 2002-2006, restructuring of SOE can be look as efforts that is done so that the SOE can be operation in more efficient, profitable, competitive, transparent, and professional, that SOE can be given product and or good service with cost competitive to consumer, with given deviden and tax to country. In addition through restructuring, to include restructuring of management, that SOE ro relevant in basically has experience of the "repositioning" that is facilitate to privatisation in moment.

Other important component for the reformation of SOE is privatisation. The purpose of the implementation program privatisation in direction not just enough to meet the needs of the government through the income of State Budget, however is value creation for the companies. Privatisation actually is the efforts to place the role government in position actually that is as determine of policy (regulator), and not as operator. Privatisation also implemented with the consideration strategic that basis benefit more preferred than basis ownership. In this case always be the question is: would more beneficial for the nation and the country, have SOE in majority but contribution to economy marginal, or don't have in majority but have contribution more big for the economy matters national?

The reality shows that a variety of Persero has privatisation efficacious much larger than Persero not privatisation, good in the form pay tax to Country, dividen or in absorption labor.

Privatisation of SOE is not mean reduced or the loss of control or sovereignty of the country, cause through sector regulation, the country remains in control. Meaning of mastery through the regulation referring to the fact that all the company that are in the region teritorial Indonesia, anyone owner, must be bent to the law and the regulation of the constitutions made in by Government of State Republic of Indonesia. However then, privatisation must be refer in basic principles to set in the Constitution of 1945, and Tap MPR there is, and the implementation must be done in a transparent manner.

The success of the strategic privatisasi of SOE it very depend to condition economy, social, politic and safety with support and all the start and management of SOE, the trade unions and other party to relate or the stakeholders.

The principles of GCG described as the transparency of self-reliance, accountability, responsibility, and fittingness (fairness) is principles accepted and recognized internationally as the principles of business management better.

Therefore, the restructuring and privatization, component of key in the next of reformation by SOE is the implementation good corporate governance in serious and consistent, a reference implementation has also been established through the Decree of the Minister of SOE No. 23 of 2000, 31 May 2000, about development Practice good corporate governance in the Limited Company then enhanced through the Decree of the Minister of SOE No. 117, 1 August 2002, about application practice good corporate governance in State Owned Enterprise (SOE). The decision of the latter in clearly affirm the obligation to implement GCG in management of SOE.

As has been discussed above, one of the mission office the Ministry of SOE is the implementation reformation in the scope of the work culture, strategy and business managemnt to realization professionalism with based on the principles of *good corporate governance* (GCG) in look as base important for the successful reformation of SOE.

Therefore, commitment to apply principles GCG in environment of SOE has commitment national can not delay implementation. To meet commitment national, recently the ministry of SOE has finish assessment good corporate governance to the 8 SOE has go public, and 2 SOE possible will be quickly go public. Beside it, cooperate with BPKP, the ministry of SOE also doing assistance program and measurement application principles good corporate governance of 16 SOE.

There are many benefits of the implementation of GCG in environment of SOE. First, as we show in this first chapters, GCG can be increase reliance investor. To increase reliance investor will be easier obtaining the financing funds that is cheap and not rigid, especially in moment, where budget government very limited for it.

The second benefit is the raise value company (value of the firm), so that SOE can be help acceptance government through State Budget.

Third, GCG can be raise performance and efficient company through creation process interpretation decision more better. Management and manager can be management company in transparent manner, accountability, under supervision of the Board the Commissioner in rely on (empowered) in framework legal, and good profession ethic, without the impact important (conflict of interest), clean and prudent with relationship to the stakeholders and environment. A real impact and this is going to allow creation among other procurement mechanism goods and services in a transparent manner and fair from problems classic in supply goods and service during this time as mark-up, supply fictitious, and procurement less right or not appropriate needs be gone by itself.

Fourth, to increase quality service of SOE to the stakeholders of SOE which health and helpless competitiveness high gave contributed to the state's income, have value for the holder share (investor), and the increase society welfare.

In spite of not perfect, to clear with the enactment of the Constitutions SOE born a fundamental change against the existence of SOE in Indonesia, among other:

First, the Constitutions No.19 of 2003 about State Owned Enterprise only know two form of SOE, that is Limited Company (LC) and Public Company (PC). Thus, SOE in the form Company Jawatan (CJ) will be disperse which will be determinate of the Regulation of Government. In this relationship function benefit (service) public during this time be task Company Jawatan (CJ), will be given special assignment by government to the Persero or

Public Company. In giving special assignment the function benefit to the Persero or Public Company should be with more early get an agreement of RUPS/Ministry.

Second, if the regulation of the Constitution previously of the position and task Public Company to service public important and as well as to cultivate advantage ad move in field by the Government considered vital. In addition to perform the task of the company, Public company can be load task of the Government. Not so with the Constitution of SOE, it means and the purpose is the implementation business to aim benefit public is supplying goods and or service to quality with the cost reached by society based on the principle management of the company which healthy.

From construct of the Constitution of SOE about means and the purpose public company, in field business to manage by Public Management not again limited by presence to character vital to the field into business. The motion of public company into more flexible, with origin note supplying goods and service to carried out of the public company the price is affordable by society, but constant based on the principle management company which healthy.

Third, if the regulation of the constitutions previously Persero carried out business company can be doing private and not solely assisgment by the Government. Goods to generated the company is not an obligation to resulted country. Based on the Constitution of SOE, it means and the purpose of SOE is not again formulation in perspective of thinking the Government and private. Persero in perspective of the Constitution of SOE is not change like is presence company private. Persero is projected to be able to compete with a company owned private. Persero should be able to provide the goods or the services of the quality of higher and helpess competitiveness strong. The goal is certainly can not be separated from the intent and objectives of Persero chasing advantage in order to improve the value of the company as the existence of a company owned private. The Constitution of SOE also determine that all of the provisions and principles to obtain forr the Limited Company as set in the Constitution No. 1 of 1995 about Limited Company, which has changed with the Constitution No.40 of 2007 about Limited Company.

Fourth, if the regulation of the constitution previously, Management Public Company appointed and get the push by President on the motion to relevant, based on the Constitution of SOE appointment and discharge of the Management Public Company to set by Ministry appropriate with mechanism and the regulation of the constitution. While, for the Persero, in the regulation of the constitution previously appointment and discharge of the Director Persero by Ministry Finances like RUPS based on the motion of ministry. While, according to the Constitution of SOE appointment and discharge of Management carried out by RUPS and in the case of Ministry measure as RUPS appointment and discharge of Management to set by Ministry.

Fifth, based on the determinate regulation of the constitution previously of member the Management Public Company and Persero appointed based on the requisite ability and skill in field management (management) company, fulfill other requisite needs or progress company which leads and appropriate with the regulation of the constitution to obtain. Beside it, in terms of Ministry opinion that candidates member of management persero proposed do not meet the requirements that set, that Ministry of Finances require to Ministry of Technical so that proposed other candidates. Other different with the Constitution of SOE, appointment of member management Persero and Public Company carried out through mechanism test

properness and loyalty. The pattern of the appointment of directors similar is not found constitution before.

The Management of SOE to the Welfare of the Populace In Indonesia

In Indonesia, in order to management of SOE completely conducted in corporations in a company a holding a parent of SOE then currently being develop a strategic and a road folder transition toward. Beside it, to important since then this policy management of SOE directed as the transition from the condition of the management of SOE like now towards the management of based corporations. In this case of the Ministry of SOE has start process consolidation of the companies SOE appropriate characteristic business each. The process of consolidation possible end decision to the company relevant to be parent holding, be used as a child of the company in a holding, acquired by other company, merger with other company, liquidation, or divestment. The process expected also direct amount of the company to manage in immediate of the amount more manageable (*right size*).

The existence of a holding company parent of SOE will given more benefit in the process management of SOE. The company of SOE to manage utmost based on the principle management corporation and not again base on the bureaucracy with approach budgeting which one and related to the other thing with National Budget like now.

Consolidation to the holding parent of SOE possible process allocation financial resources and human resources in more flexible and dynamic from one of the company to other company.

As a company, management of SOE prosecuted a balance between speed and caution in break a decision business or implementation. Therefore, in the transition toward a holding a parent of SOE, that creation of SOE by Ministry of Country SOE the efforts to implement as much as possible to approach corporations is more responsive, fast, transparent, and can be responsible.

The management of SOE fully with the way corporations meaningful that parent company a holding of SOE would not do *micro-manage*, will but really measure as StakeHolder from companies of country, that is carry out *macro-manage*, The process *macro-management* to implementation in the form target decision, the creation of a framework implementation, as well as provision of support resources of the corporation at the time of implementation in accordance with the requirements. The company holding parent of SOE operate principles corporation and not bureaucratic. Thus, the company holding parent of SOE will be move freely as private companies in general and limited intervention and the investment of other parties in addition to the organs of the company.

The harmonious with vision and mission of the Ministry of Country SOE, then the whole strategic activity directed to the achievement of the vision and mission. The activities strategic toward the direction of the vision and the mission, among others, policy rightizing, restructuring, strengthening our corporate culture, develop of market and investment strategic. Some of the principal policy management of SOE in middle developed as a transition is the bureaucratization of the management of SOE, strengthening the implementation of Good

Corporate Governance in the SOE with the acceleration of the completion of the issue that has been delayed.

SOE as one of the backbone economy (assets productive government-owned) expected to provide a positive contribution to the government in the form of dividends and tax. Government very important on the healthy of SOE. Will but, in fact a lot of SOE experience detriment because management is not professional, not based on the principle of economic companies, and not transparent. The performance of SOE in development impressed viewed negatively. Often times of SOE accused as a business entity that is not efficient and has low profitability. It may be said that the creation of the impression and conditions as it influenced the orientation of the establishment, originally prioritized on meeting the needs of the public and improving the welfare of the society then compared with profit (*profitability*). So it can play its role optimally, SOE can not again move solely to meet needs public, because the demands of the business environment in the era of globalization to management of SOE more competitive that able provide facility public with quality more better and the price achieved of society. Beside it, also realized that the monopoly rights that had been given to SOE had been cause SOE into difficult to adapt with the changes that occur due to continue mechanism of the market is so competitive

The government of Indonesia to build of SOE with two main purpose, that is the purpose of asn economic nature and purpose of a social nature. In the purpose of economic, SOE intended to manage the sectors of the business that are not controlled by certain parties. In fields of business relate to the lives of many people, like is electric company, oil and gas earth, as mandated in the article 33 Constitution NRI of 1945, properly controlled by the SOE. With the presence of SOE expected to increase the welfare of the community, especially the people that are in the location of SOE or Small Business and Middle (SBM) to be guided of SOE. The purpose of SOE a social nature, among others, can be achieved through the creation of jobs as well as attempts to resurrect the local economy. The creation of jobs achieved through recruitment labor by SOE. The efforts to raise local economy can be achieved with the way follow participant of society as partners in supporting the smooth process of business activities. In this line with the policy of the government to empower small and medium business and cooperative that are in the location of SOE.

But in the last 50 years since the SOE established, SOE in general not show performance to happiness. Profit generated is still very low. In the meantime, the Government of Indonesia is still struggling to pay off foreign loans caused by crisis economy of 1997 last. And one of the efforts taken by the government to be able to increase their income is to do with the privatization of SOE.

However, privatization of SOE has invitation pro and contra in realm society. A part society opinion that SOE is assets country must constant retained ownership by government, although it does not bring benefits because it keeps the losers. However, there are also people who opinion that the government does not need to fully have SOE, which important of SOE can bring benefit more better for the country and society of Indonesia.

In basically, the policy privatization to show of the some aspect hope, seen from aspect financial, repair intemal management (service and organization), economy and politic. From side financial, the privatization show to increase income government especially relate with

level taxation and expulsion public; to provide financial private to placed in public investment in main scheme infrastructure; delete services from control sector public financial. The purpose privatization from side repair internal of management (service and organization) that is:

1. To increase efficient and productivity;
2. To reduce the role of the country in making decision;
3. To push decision the cost commercial, organization to oriented on the profit and the behavior of the business profitable;
4. To increase selection for the consumer.

From side economy, the purpose privatization, that is:

1. An expanding market power and increase the competition;
2. To reduce size sector public and open new market to private modality.

The purpose from side politic, that is:

1. The control the strength of the association or the association field of a particular business venture and improve the labor market more flexible;
2. To push ownership of stake to individuals and employess as well as broaden the ownership of wealth;
3. To obtain political support to meet the demand of the industry and creating more opportunities of capital accumulation speculation;
4. To increase self-reliance and individualism.

As for the purpose of the implementation of the privatization as contained in the Article 74 The Constitution No.19 of 2003 About SOE is raise the performance and value of added the company as well as increase the role as well as a society in the facility shares Persero. The publication of regulation the constitution about SOE intended to clarify base of the law and being a guide for various manager interest associated as well as an attempt to improve the performance and productivity of SOE. The privatization not only end policy, but is the regulation method to set economy activity appropriate mechanism market. The policy privatization reputed can be help government in the prop up acceptance of country and provide deficit of National Budget and make of SOE more efficient and *profitable* with involving the private sector in management so open the door for competition healthy in the economy.

Based on the Article 33 of the Constitution State of the Republic Indonesia (1), so system economy believe is system economy based on the basis kinship. The system concept economy then in Indonesia mention as concept Economy Democracy. Mubyarto mentions in the concept economy democracy, system economy not set by country through planning the central (socialism), will but implemented by, from, and for populace. Democracy economy consider realization prosperity society (together) not prosperity individuals. The democracy economy interpret society must come in the entire process production and helped to enjoy the results of production is executed in Indonesia.

Referring to in Article 33 of the Constitution State of the Republic Indonesia of 1945, Implied that the main points of the economy Indonesia is people's welfare. This is where the role of democracy economic, namely as a guide management of SOE in order to be able to maximize people's welfare. SOE should be able to operate with effective and efficient, so can be provide products vital to quality with the price achieved for the populace. In addition, SOE should be also trying to fix profitability, so can be reliable as source main funding for the government, especially to fund deficit estimate. It would be very influential on people's

welfare, because of SOE not other is manager resources vital for the intent of life of the people of many, so it would be very detrimental to the people of if SOE fell went bankrupt or pailit.

As for the size of the welfare of people who can be used as a base by SOE in management among other:⁸

1. As condition welfare (*well-being*).

This sense usually pointing at the term social welfare (*social welfare*) as condition fulfilled the needs of the material and non-material.

That is the existence of SOE can be formed and support the condition of the case of life of the people around safe and happy because basic needs will be nutrient, healthy, education, place to stay, and income can be filled; with when the public to obtain the protection of the main risks that threaten life.

2. As social service

That is, the existence of SOE able to provide social services generally include five form, that is assurance social (*social security*), healthy service, education, housing and personal social services (*personal social services*).

3. As social subsidy

That is, the existence of SOE expected to help poor people's, defects, unemployed person.

4. As process or plan business

That is, the existence of SOE expected can be help to increase quality of life through giving social services and social subsidy good in short-term and long-term.

The establishment of SOE not regardless of politic the law. Mahfud MD opinion politic of the law⁹ is "*legal policy*" or line (policy) formal about law will be obtain good with making of the new law or with changing the law long, in framework to achieve the purpose of country. Thus, the law is a political choice about these laws that will be applied as well as a choice about these laws that will be withdrawn or not enforced all of which meant to reaching the goal of country as contained in the Opening Constitution of 1945.¹⁰

The definition of ever raised by some other expert suggesting the existence of the equation substantive with the definition of the proposed by Mahfud MD. Padmo Wahjono said the law poitical is a basic of policy to directed towards, form, or content of the law will be form.¹¹ In his writing another Padmo Wahjono to clarify definiton with said potical of the law is the policy organized of country about what made criteria to punish sometime in which includes the establishment, application, and maintenance of the law.¹²

To remember of the role SOE is to support the implementation of the development of national especially in field economy, that policy of government in creation of SOE adapted to

⁸AACH, Sumbang saran singkat untuk acara Diskusi di Lemhanas, 29 Mei 2007, bertajuk, "Peranan BUMN Dalam Meningkatkan Kesejahteraan Rakyat" diunduh dari <https://andrinof.wordpress.com/2007/05/31/bumn-untuk-mensejahterakan-masyarakat>, pada 15 Januari 2017.

⁹ Lihat Teuku Mohammad Radhie, "Pembaruan dan Politik Hukum dalam Rangka Pembangunan Nasional," dalam *Majalah Prisma* No. 6 Tahun II, Desember 1973, hlm. 3.

¹⁰Moh. Mahfud MD, *Politik Hukum di Indonesia*, (Jakarta : PT. Raja Grafindo Persada, 2012), hlm. 26.

¹¹ Padmo Wahjono, *Indonesia Negara Berdasarkan Atas Hukum*, (Jakarta : Ghalia Indonesia, 1986), Cet. II, hlm. 160.

¹² Padmo Wahjono, "Menyelisik Proses Terbentuknya Peraturan Perundang-undangan," dalam *Majalah Forum Keadilan*, No. 29, April 1991, hlm. 65.

the wisdom of national. As country to understand economics open, the economy of national not regardless from influence of economy of the world is growing very rapidly. The consistency is the policy creation of SOE always having adaptations follow the conditions and the development of the economy of national.¹³

In the implement of the role as business unit or as vehicle of the development, in recent years this SOE has given contributed to the construction of national in the form of acceptance is not a tax namely dividen profits from the government.

Mandate contribution of the Constitution State of the Republic Indonesia OF 1945, especially the Article 33 paragraph (2) and paragraph (3) to clarify that branch production to important for the Country and master intent life people much controlled by the state, while earth and used to the magnitude of the prosperity people. The role of the contry to embody the through of State Owned Enterprise (SOE) who get legitimacy and the state constitution.¹⁴

Nevertheless on the arrangement of the practice must be always in the shade of philosophical so that the public interest met and the welfare of the public can also be realized. SOE that the whole or financial most capital comes from a wealth of the country was separated, is one of the economy in the system of the economy of national, in addition to the private endeavours and a cooperative minimal. In carrying activity efforts of SOE, private and cooperative carry out the role that each other support each other based on the system of democracy economy.¹⁵

Conclusions

Based on the description of the discussion, so conclusion obtained are:

1. The regulation of the management SOE as results political of the law to concept Syariah Economy be found in the Constitution No. 19 of 2003 about SOE. However, the implementasion political of the law in the moment not held to the maximum. Therefore, the management model of SOEs should be reinventing, as initiated by Tanri Abeng.
2. The contribution of SOEs in the Development Political Economy in Indonesia by doing management, in particular the efficiency of the operation, will be able to face market competition. The improvement measures undertaken include the restructuring of the business, reduction in the number of employees, the application of management control system, and the policy other strategic. SOE is not doing repair management usually will confront various difficulty , especially in the field of financial. An opinion of PT. Telecommunication of Indonesia (Persero) Tbk. posted revenue Rp. 64,02 billion or growth 13,4% throughout the semester I/2017 compared to the same period last year Rp. 56,45 billion.; an opinion PT. KAI on the first quarter 2017, Didiek to explain PT. KAI can be reap income Rp.5,4 billion or experience raise of 25% compared with period similar in the last year. From Rp.5,4 billion, his explanation, KA the passengers contributing of Rp2,06 billion or rise 24% compared period is similar 2016. As for, KA goods given contribution of Rp.1,75 billion or rise 18% from period of the last year; an opinion BULOG of the cost sale of rice Rp.8.725/kg and subsidy the rise of poor of Rp.19,9 billion with *margin fee*

¹³ Ishak Rafick dan Baso Amir, *BUMN Ekspose*, (Jakarta : Ufuk Press, 2010), hlm. 67.

¹⁴ Fahri Hamzah, Negara, *BUMN dan Kesejahteraan Rakyat*, (Jakarta: Yayasan Faham Indonesia, 2007), hlm. 18. Lihat juga Pandji Anoraga, *BUMN Swasta dan Koperas Tiga Pelaku Ekonomi*, (Jakarta: PT Dunia Pustaka Jaya 1995), hlm. 90.

¹⁵Lihat Penjelasan Undang-Undang Nomor 19 Tahun 2003 tentang Badan Usaha Milik Negara, L.N. Nomor 70 Tahun 2003.

Rp698 miliar. In addition, the increase of rice government reserve of Rp. 2 billion and total proposal of National Budgets of 2017 is amount of Rp.22,61 billion, and the income of DAMRI is Services Company Transport Belonging to the Land, Public Company of Damri, targeting income on this year of Rp.1,4 billion, jump up from projection income in the last year which estimated of Rp.1,2 billion

3. The strategic management of SOE (Persero) according to the law of Company in framework increase of the role to support development political economy of Indonesia that is with consider some model development economy appropriate with soul and character of the Article 33 The Constitution State of the Republic Indonesia of 1945. SOE must be constant mastery branches to the production important especially to mastery intent life many people so that the purpose of the establishment of SOE to give the welfare of the public can be achieved. The model management of SOE in future with constant function of SOE as tool to give public service good in straight or not straight, into balance the work, move sector a solid works, all of which led to the welfare of society. For it, the government need sort or make classification of SOE based on the priority function to given. For the SOEs to prioritize function as player market pure this during to run by SOES-Persero very naturally, if the performance of SOE in value from performance financial. But if the SOE charged function member public service, government must be assign to the SOE-Public Company, so that can be protect wheel development and etc, would be unfair if the SOE-Public Company also seen from performance financial. Not means the performance financial of SOE-Public Company ignored, but if the SOE-Public Company more emphasized function public service for the welfare society and functions non profit other to comes in this category such as: (a) participate establish the conditions of a welfare society; (b) participate in giving social service; (c) participate giving social subsidy; (d) involve in efforts to improve the quality of life through the provision of service short-term and long –term.
4. The Political of Law Regulation Privatization of SOE (Persero) As Motivator for the Development of the Political Economy of Indonesia in Realizing the Welfare State (Welfare State) namely by looking at the purpose of the implementation of privatization as stated in the Article 74 of the Constitution No.19 of 2003 About SOE is the raise performance and the added value of the company as well as increase community participation in share ownership Persero. The publication regulation of the constitutions about SOE intended to clarify the legal basis and guidelines for various related stakeholders as well as at once an effort to improve performance and productivity of SOE.

However, although in the article 74 the Constitutions No. 19 of 2003 set that to increase the participation of the community in the ownership of the state-owned enterprise stake with how to privatize of SOE, it is not solely the policy of the finals, only is a method of regulation that govern economic activity according to the market mechanism.

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