

Economic Program Policy BUMN In Increasing Economic Growth In Indonesia

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Abstract

Economic program policies towards state-owned enterprises (BUMN) in economic growth in Indonesia have become commonplace in various countries. The main reason for implementing economic program policies is to improve and streamline the performance of BUMN so that it can achieve its founding targets, namely the provision of public services for the community and profits for the state. However, this policy is often rejected due to concerns that the role of the state is minimal and the role of the private sector is too dominant, which refers to a free market system so that the interests of society are not guaranteed. The method used in this research is qualitative research with a descriptive-analysis method using relevant secondary data and normative/literature assessment using a statutory approach and a conceptual approach. The aim of this research is to provide a comprehensive understanding of economic program policies by BUMN in Indonesia, both from a historical perspective and applicable positive law. The research object is BUMN (State-Owned Enterprises). This research concludes that the majority of listed BUMNs are able to improve business performance and profit generation. Economic programs are not the only solution for state company management, but they must always be able to reform and innovate in terms of future BUMN business strategies.

Keywords: Economic Program, BUMN, Economic Growth, Policy

INTRODUCTION

In economic activities in Indonesia to date, state companies still exist, continue to develop, and play an important role in supporting economic growth (GDP). Apart from that, state companies also play a role in providing many public goods/services (public service obligation), and seeking profits. The aim of establishing a state-owned company is also to help micro businesses, small businesses and cooperatives (Priangga & Muryanto, 2017)

Most State companies, in this case State-Owned Enterprises (BUMN), currently have their shares still fully owned by the State (Hariru et al., 2022) However, since the 1990s, the government (goods and services) which had not been provided by private companies, carried out pioneering businesses, provided the necessities of life for people, began to privatize or sell some of the shares of state companies to the public (public) through the stock exchange, especially to help cover state budget deficit due to the impact of the 1997 economic crisis (Tristanto & Fatwara, 2021)

The government began to carry out economic programs for BUMN quickly (fast-track privatization) to cover the swelling state budget and expenditure (APBN), starting in 1991 PT. Semen Gresik, Tbk for the first time sold 27% of its shares to the public to cover state debt, followed by PT. Indosat, Tbk (1994) sold its 35% stake; and in 1995 the BUMN that sold its company shares, namely, PT. Tambang Timah, Tbk by 35% and PT. Telkom Indonesia, Tbk by 23% shares (Rudiyanto et al., 2022)

There are even state companies where state ownership of share capital is relatively small with minority shares. One of the government's reasons for its economic program policy towards State-Owned Enterprises (BUMN) is to protect the State company from losses and ultimately by obtaining fresh funds from the sale of shares, it is hoped that it can improve the performance of the state company in question and will make a profit. (Burton, 2016)

In Law Number 17 of 2003 concerning State Finance, what is meant by State Company is a business entity whose capital is wholly or partly owned by the central government. Meanwhile, in Law Number 19 of 2003 concerning State-Owned Enterprises, it is stated that State-Owned Enterprises, hereinafter referred to as BUMN, are business entities whose capital is wholly or largely owned by the state through direct participation originating from separated state assets. (Nainggolan & Pangestu, 2021)

Then in Article 2 of Law Number 19 of 2003, it is stated that there are 5 (five) roles of State Companies (BUMN) in the national economy, namely first, contributing to the national economy in general and state revenues in particular. Second, pursue profits. Third, providing public benefits in the form of providing goods and/or services of high quality and adequate to fulfill the livelihood needs of many people. Fourth, become a pioneer in business activities that cannot yet be implemented by the private sector and cooperative business entities. Fifth, actively participate in providing guidance and assistance to entrepreneurs from economically weak groups (small and medium businesses), cooperatives and the community (Firdaus et al., 2022).

RESEARCH METHODS

The research discussion uses a literature study method which aims to provide an overview of international trade policies carried out by countries with other countries. The groups in this research are government, MSMEs, and others who are part of the Indonesia state. The type of research used is literature study. The literature study method is a series of activities relating to methods of collecting library data, reading and taking notes, and managing research materials (Kartiningrum, 2015).

The government determines international trade policies with the aim of protecting domestic industries. Forms of international trade policy protection can take the form of tariff policies, quotas, import bans, subsidies and dumping (Suryanto & Kurniati, 2022). This form of protection starts from (1) Tariff policy, setting fees for goods or services that cross national borders in order to improve the economy, (2) Quotas, limiting quotas for incoming foreign product so domestic products continue to be sold and people avoid a consumerist attitude, foreign product. (3) Import prohibitions are useful for preventing imported goods from entering which could disrupt domestic industry. (4) subsidies, assistance from the government, especially for MSMEs in developing their production and markets. (5) dumping, selling product abroad at a cheaper price so that the market reached is wider and can compete with foreign products where the goods have been exported (Saputro, Tarigan, et al., 2021).

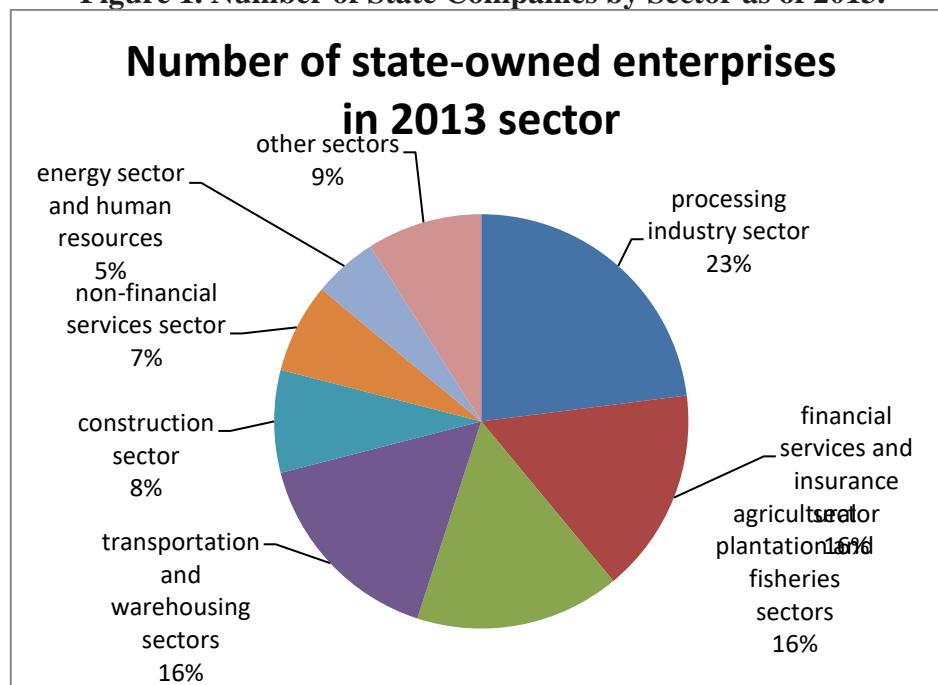
RESULT AND DISCUSSION

In current business developments, the existence of state-owned enterprises - hereinafter referred to as BUMN - is very important and strategic not only as agents of development but also as companies seeking profit (Olimsar et al., 2023). In general, BUMN those with legal entity status as limited liability companies (Persero) and open limited companies definitely aim to seek profits compared to the legal entity status of BUMN which are not limited liability companies such as public companies (Perum Bulog, Perum Prasarana Perikanan Nusantara, Perum Jasa Tirta, and other state-owned public companies). Most state-owned companies are currently limited liability companies (Baitullah & Cahyani, 2021)

Of the total listed BUMNs up to 2010, there were 17 BUMNs that had listed their shares

on the Indonesian stock exchange and traded their shares to the public (go-public). As of May 2014, the number of listed or public BUMNs was 19 companies (13%), non-listed BUMNs were 104 companies (75%), and BUMNs with Perum legal entities were 15 companies (12%). The total number of BUMNs currently amounts to 138 companies. As of June 2014, the number of BUMN reached 140 companies (Aprilinda & Puspa, 2019). Almost all economic sectors have state companies. The largest number of state companies is in the processing industry sector (31 companies), followed by the agriculture, fisheries and plantation sectors (25 companies), and the financial services sector including the insurance services industry (22 companies). As of December 31 2014, the number of BUMNs had decreased to 119 BUMNs from 139 BUMNs due to the merger of Plantation BUMNs into 1 holding company, and 6 Forestry BUMNs into 1 holding company.

Figure 1. Number of State Companies by Sector as of 2013.



Source: Profile of Indonesian BUMN 2013, Ministry of State for BUMN RI.

Based on the fiscal policy in the APBN, all BUMN that earn profits are obliged to provide their share of profits to the State through the APBN every year (Susanto, 2019). which are not/have not been listed on the stock exchange at PT. Indonesia Stock Exchange. Therefore, the State is very interested in continuing to improve, assist and support the performance of all BUMNs including listed BUMNs to increase their profits. (Anisah, 2022)

The greater the BUMN profits, the greater the government's share of BUMN profits in the State budget. Conversely, the smaller the BUMN's profits, the smaller its contribution to the APBN. The government's share of BUMN profits in the State budget is a logical consequence of state ownership of BUMN, in this case capital, both in the form of money and shares (stock). (Tarigan & Saputro, 2021) In addition, the State, through fiscal policy in the State budget, can increase investment capital in BUMN if it is deemed necessary, such as for the purpose of developing the BUMN's own business. Inclusion of State capital or additional capital of BUMN by the government must obtain approval from the DPR RI (Saputro & Suwito, 2022).

In 2005, for example, the government's share of BUMN profits amounted to IDR 12.8 trillion, so in 2010 it had reached IDR 29.5 trillion. Or the average every year in 5 years increased by 26.09%. In 2014, the government's share of BUMN profits was targeted at IDR 37 trillion (Saputro et al.,

2020) In addition to the state's interest in the form of the government's share of BUMN profits, the government also has an interest in other state revenues in the APBN through BUMN such as tax revenues, especially corporate income tax (corporate income tax) and individual income tax. BUMN also contributes in the form of corporate income tax (Jaya et al., 2022)

Based on the Law on State Finance, the government can support and assist the development of BUMN businesses through participation/providing additional investment capital. In Article 24 of the Law on State Finance paragraph (1) it is stated that the Government can provide loans/grants/capital participation to and receive loans/grants from state/regional companies. (2) Provision of loans/grants/capital participation and receipt of loans/grants as intended in paragraph (1) shall first be determined in the APBN/APBD. (3) The Minister of Finance provides guidance and supervision to State companies (Saputro, Tarigan, et al., 2021)

One of the aims of adding state capital to BUMN is to develop the company's business which in turn is expected to increase the profits of the BUMN itself (Duha & Saputro, 2022). In this way, the government's share of BUMN profits is also expected to increase. Then in Article 24 Paragraph (5) it is stated that the Central Government can sell and/or privatize state companies after obtaining approval from the DPR RI. The privatization of state companies in question can take the form of selling BUMN shares or in other forms. State ownership of listed BUMNs can be seen in Table 1. From the capital/share structure of BUMNs with minority State shares above, these State companies can no longer be called "state-owned". Moreover, state share ownership is below 20%, some even below 10% (table 1).

Before the enactment of Law Number 19 of 2003 concerning BUMN, the government had no idea about selling some or all of the BUMN shares to the public. This means that the government still has full power over BUMN, including management, human resources, assets, capital/shares and other aspects. The Law on State Finance also does not regulate whether BUMNs are allowed to sell some of their shares (Saputro & Suwito, 2022)

Departing from the explanation above, the problem in this paper is first, is the BUMN privatization policy in accordance with the objectives of establishing the BUMN itself? Second, is the BUMN privatization policy the best solution to improve BUMN performance and BUMN profits compared to other strategies such as management restructuring and business line reorientation? Third, does the privatization of BUMN aim to strengthen capital and improve company performance in facing intense competition in industry now and in the future, as well as increasing the contribution of state revenues to the APBN? (Pertiwi & Saputro, 2023)

During the decades before the 1980s, governments around the world increased the scope and level of their activities to undertake many of the tasks that had previously been undertaken by the private sector. In the United States, the federal government builds highways and dams, conducts research, increases its regulatory authority in various areas of activity, and gives money to state and local governments to support functions ranging from education to road building. In Western Europe and Latin America, governments nationalized companies, entire industries, banks, and health care systems, and in Eastern Europe, communist regimes attempted to eliminate the private sector altogether (Saputro, 2022)

It was only in the 1980s that the tide of public sector expansion began to turn in many parts of the world. In the United States, the Reagan administration issued a new order: "Don't just stand there, undo something." The main principle of "undoing" is the privatization of government assets and services. In the UK, more than 50 (state) companies were sold or privatized during Prime Minister Margaret Thatcher's reign, including dozens of energy and water industries. (Saputro, Rivai, et al., 2021)

The phenomenon of privatization has also hit other countries throughout the world, as stated by the World Bank below. “Almost 7,000 enterprises have been privatized since the early 1980s. These privatizations are liquidations and sales that transfer assets to the private sector. The graph excludes reprivatizations (the return of nationalized enterprises to their former owners, which was important in Chile and Bangladesh), as well as management contracts, leases and the sale of minority shares. Also excluded are the sales of small retail outlets in Eastern Europe that number in the thousands and would make the graph look very different. As the graph shows, the former East Germany takes the lead with 4,500 enterprises privatized. Among developing regions, Latin America is an important privatizing region; it has sold or liquidated over 800 firms. Within that region, Mexico (433) and Chile (261) are the most active in privatization. Eastern Europe – excluding East Germany – has privatized some 805 enterprises (Saputro et al., 2022)

Those who support the privatization policy say that the shift from state to private management is very reasonable because it will result in many significant improvements, such as increasing the efficiency and quality of the remaining government's performance, reducing taxes, and reducing the size of government. Confidence is reflected in the expressions of privatization supporters (Feny Avisha et al., 2023)

CONCLUSION

This research uses international trade theory and economic growth theory to understand and formulate an export-import policy to support sustainable economic growth. There are several benefits that can be obtained from implementing an effective export-import policy in the era after 2019, namely: increasing income and economic growth. In this case, the export-import policy takes advantage of differences in resources between countries so that it can support economic growth. The Harrod-Domar model of economic growth theory states that investment in certain economic sectors will produce economic growth, so that export-import policies can help in promoting several sectors that are considered to have the potential for long-term and short-term investment that can support economic growth. Meanwhile, the international trade theory put forward by David Ricardo states that there is a concept of comparative advantage which is linked to the relationship between import-export policies in supporting a country's economic growth. So international trade can promote economic growth through technology transfer and increased innovation. That export-import policies play a very important role in encouraging economic growth, and countries that adopt liberal and export-oriented export-import policies tend to experience better economic growth. There are several export-import policies that are effective in encouraging economic growth, including the government must increase competitiveness, diversify export markets, education and training for interested parties, and international cooperation with other countries.

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