



# Proceeding

International Seminar on Scientific Issues and Trends (ISSIT) 2013

## Reforming Transparency and Accountability Through Development of e-Government

October 26<sup>th</sup>, 2013. BSI of Kaliabang



Bakrie & Brothers



RÉPUBLIQUE FRANÇAISE



NANYANG TECHNOLOGICAL UNIVERSITY



Published by:  
Institute for Research and Community Services  
Bina Sarana Informatika

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**UNIVERSITAS  
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**ASPIKOM**  
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**International Seminar on Scientific Issues and Trends (ISSIT) 2013**  
**" Reforming Transparency And Accountability Through Development of**  
**E-Government"**

October 26<sup>th</sup>, 2013  
Academy of Bina Sarana Informatika

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## **PREFACE**

International Seminar on Scientific Issues and Trends (ISSIT) 2013 is a routine seminar that always be hold on every year by Academy of Bina Sarana Informatika. ISSIT 2013 is a scientific meeting in issues and trends is the International level, where inside there are academician, the researchers and practitioners who can show the results of their latest research as well as discuss current issues and trends. This year, the topic of seminar to discuss are "Reforming Transparency And Accountability Through Development of E-Government".

E-Governance is the public sector's use of information and communication technologies with the aim of improving information and service delivery, encouraging citizen participation in the decision-making process and making government more accountable, transparent and effective, beside of that e-Governance. It is the use of a range of modern Information and Communication Technologies such as Internet, Local Area Networks, mobiles etc. by Government to improve the effectiveness, efficiency, service delivery and to promote democracy

This seminar is also a gathering place of ideas of academician, the researchers and practitioners who might be contribute their idea that is pure and applied. Some researchers who will show results of their research are from leading universities in Indonesia, Thailand, Singapore. This seminar was attended by representative of Ambassador of France to Indonesia. Collection of papers packed in the form of proceeding and grouped according to the study area include Computer, Economy, Communication and Law.

The paper published in 2013 and has through the stages of evaluation by the reviewers who are competent in their fields. Committee congratulate for participation and papers in the ISSIT Proceedings. The committee also like to thank all stakeholders who have supported and active in participation success of this international seminar.

Jakarta, October 26<sup>th</sup>, 2013

**Best Regards,**

**Chief Committee of ISSIT 2013**



**Kusuma Hati, S.Kom, MM**

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**Proceeding**

**International Seminar on Scientific Issues and Trends  
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**Bina Sarana Informatika of Kaliabang  
2013**

**KEYNOTE SPEAKER**



## PUBLIC SERVICE MANAGEMENT IN BUMN

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**Abstract** - BUMN has a long history and is the result of Government nationalization of companies Netherlands (written in law no 86/1958 about nationalizing companies belonging to the Netherlands) and there are a number of BUMN was established by the Government of Indonesia to improve the welfare of society Indonesia. To remember the long history of BUMN and its main role is to improve the welfare of society Indonesia which the conditions and the performance of BUMN is perceived not optimal as well as operational activities in BUMN are still fragmented and bureaucratic culture that causes less market-oriented enterprises, quality and business performance so that productivity and utility assets also is very low as well as most BUMN still have marketing and distribution systems that are less well coordinated. Therefore, the principles of Good Corporate Governance (transparency, accountability, responsibility, independency) in BUMN should continue to be established so that it truly becomes a BUMN corporate culture.

**Keywords :** Public Service, Transparency, Accountability, Responsibility, Independency

### 1. PREFACE

According to M. Nurhadi Cahyono & Fadjar Judisiawan (2011) that BUMN have a long history which was originally a Netherlands Government nationalization of the company results (regulated in law No. 86/1958 about the Nationalization of companies Netherlands-owned company) and there are a number of BUMN was established by the Government of Indonesia to improve the welfare of Indonesia society.[1] On the consideration of law No. 25/2009 concerning the public service States that the State has the obligation to serve every citizen and resident to meet the basic needs and rights within the framework of the public service is the mandate of the Constitution of the Republic of Indonesia in 1945, build up people's confidence in the public service public service providers is done is an activity that must be performed in line with expectations and demands of all citizens and residents about an increase in the public service, as an attempt to reinforce the rights and obligations of every citizen and resident as well as the realization of state and corporate responsibility in the operation of public services needed legal norms which gives clear arrangements as an attempt to improve the quality and ensure the provision of public services in accordance with the General principles of good corporate governance and as well as to provide protection for each citizen and resident of abuse of authority in the implementation of the public service.[2] For that according to the law No. 28/1999 at Chapter 1 General provisions, article 1, point 2 regarding the Organization of a country that is clean and free From corruption, collusion and Nepotism that organizers of the State required to

comply with the general principles of organizing the State and free from corruption, collusion, and nepotism, as well as other reprehensible deed.[3]

The organizers of the state within the meaning of law No. 28/1999, Chapter 2, article 2 was the highest state officials of state bodies, state officials on the state high institutions, ministers, governors, judges, state officials in accordance with the provisions of the laws applicable invitation and other officials who have strategic function in relation to the implementation of state laws and regulations in accordance with the provisions of the applicable invitation.[4]

Given the long history of such BUMN whose main purpose was established to serve every citizen and resident to meet the basic needs and rights within the framework of public service which is the constitutional mandate contained in the Constitution of the Republic of Indonesia in 1945 in which the conditions and the performance of BUMN is perceived not optimal, the operational activities of BUMN are still fragmented and bureaucratic culture of BUMN causing less market-oriented, quality and business performance so that productivity and utility assets also is very low as well as most BUMN still have marketing and distribution systems that are less well coordinated, [5] then to build up people's confidence in the public service public service providers is done (BUMN) is an activity that must be performed in line with expectations and demands of all citizens and residents about an increase in the public service is an attempt to reinforce the rights and obligations of every citizen and resident as well as the realization of State and corporate responsibility in the administration of the public service necessary legal



norms which gives clear arrangements as an attempt to improve the quality and ensure the provision of public services in accordance with the General principles of good corporate governance and as well as to provide protection for each citizen and resident of abuse of authority in the implementation of the public service. For that required the principles of good corporate governance (transparency, accountability, responsibility, independency). Further, it says, that the implementation of the principles of Good Corporate Governance (transparency, accountability, responsibility, independency) in BUMN should continue to be established so that it truly becomes a BUMN corporate culture. Related in this respect should be made a legal position and the consolidation of the rule of law in the management of BUMN, empowering corporate organs of BUMN, BUMN registered for encouragement to become a public company and structuring the remuneration system for the Board of Directors/Board of Trustees which is really related to the actual performance so as to reflect the principle of appropriateness and feasibility. [6]

## **2. ANALYSIS**

### **2.1. THE ESTABLISHMENT OF BUMN**

Political economic basis, the establishment of BUMN in Indonesia has three principal reasons, First, as a business asset that nationalized. The reason this happened around the year 1950 when the government undertook nationalization of foreign companies. The scene begins in 1957, when the cabinet of Ali Satroamidjojo II falls accompanied a severe economic crisis. The downfall of this cabinet seems to amplify a signal that parliamentary Government would bring Indonesia into a slump. Second, build the necessary industrial society, but society itself (or private) is not able to enter it, either for reasons of investment is very large and very large business risk. In the mid-1960s, the government began setting up urea fertilizer factories, starting in South Sumatera, West Java, East Kalimantan, East Java, and Aceh. Government take over indosat as a basis possession and management satellite palapa. The Government also established the electrical industries as energy fuels nationwide, also IPTN aircraft industry, with the aim of becoming a regional business actors in the field of transport medium and small type. Third, develop industrial very strategic for with regard to national security. Therefore the Government build industry Pindad's weapons, explosives, Dahana, printing money, Peruri, management until food stock, Bulog. The purpose of the making of regulations concerning BUMN is intended to create the legal basis for the strong and clear to stakeholders. Through such laws are expected to be formulated the direction, objectives, programs, and policies of the Government to clearly BUMN so that it can be a guide for all parties concerned. Regulations concerning BUMN is an absolute necessity because of the legal basis of the BUMN that

existed previously has not been perfect, including some provisions of restructuring and privatization.[7]

According to article 1 of law No. 19/2003 on BUMN, BUMN that is divided into two, namely: (1) public company, hereinafter called the Persero, is the BUMN in the form of a limited liability company whose capital is divided into shares which are entirely or at least 51% (fifty one percent) owned by the Government of Indonesia that the main objective pursued profits, (2) a public company is BUMN, state-owned the entire capital is not divided into shares, which aims to benefit the public in the form of the supply of goods and/or services that are of high quality and at the same time pursuing profits based on the principle of management of the company.[8]

According to the explanation of the General section of the Law No. 28/1999 on implementation of the state that are clean and free from corruption, collusion and Nepotism that still contained the implementation of public services is still faced with the unprecedented conditions in accordance with the needs and changes in various fields of life society, nation and state. It could not be induced to respond to the transformation of the value that the dimension area as well as the impact of various complex development problems. On the other, Indonesian people faced with hope and global challenges triggered by progress in science, information, communication, transportation, investment, and trade.[9]

Dyamustika Rachmawati from the State University of Surabaya in her paper reporting : "The Analysis of the Implementation of Good Corporate Governance in Perum Perhutani KBM-IK Gresik based on No.PER-01/MBU/2011" in the website <http://www.scribd.com/doc/119764358/Untitled#download> describes the regulation of the Minister of State owned BUMN No.: PER-05/MBU/2011, paragraph 1 that the notion of Good Corporate Governance as the underlying principles of a process and mechanism of corporate governance is based on laws and regulations and corporate ethics. Good Corporate Governance an alternative to overcome the various problems due to a conflict of interest between related parties, protect state assets, and salubrious the management of BUMN.[10] Further said Dyamustika, that Good Corporate Governance in BUMN has not yet become corporate culture. Whereas the implementation of Good Corporate Governance should be a company's culture, when the implementation of Good Corporate Governance in BUMN is extremely low it shows that Good Corporate Governance is not yet a corporate culture so that it opens the opportunity of cheating. The facts provided by Dyamustika shows that Good Corporate Governance in BUMN is not yet a corporate culture : The tanker sale purchase done by PT. Pertamina can be seen not only in the viewing angle law business competition, but also widely principle can be seen in the implementation of Good Corporate Governance. In her paper, Dyamustika explained that the matter of the report to the KPPU in



June 2004 stating that there is an alleged violation of law No. 5/1999 in the sale of two VLCC tanker unit to Pertamina. The result is checking the Tribunal finds the fact that the Commission in November 2002, Pertamina has built in 2 (two) unit of VLCC tankers held by Hyundai Heavy Industries in Ulsan, Korea. For the purposes of funding, Pertamina is planning a bond issue on behalf of PT Pertamina Tongkang. But the plan was cancelled in September 2003 by a new Board of Directors of Pertamina raised on 17 September 2003. Furthermore the new Pertamina Directors study the feasibility of further ownership of VLCC. (KPPU, 2012) [11]

Conditions and rapid change that followed the shift that value needs to be addressed through the step wise activity that is constantly and continuously within the various aspects of development to build people's confidence in order to achieve national development goals. Therefore, required a conception about the system of public services that contains value, perception, and reference behavior able to realize human rights as mandated the Constitution of the Republic of Indonesia in 1945 so as to be applied to Indonesian people to customer service in conformity with expectation and ideals national goals. Taking into account the above, it is also a law on public service. [12] Also, for the realization of the mandate of the Constitution of 1945, then formed the law No. 28/1999 on implementation of the State that are clean and free from corruption, collusion and Nepotism, particularly on the explanation of article 4, letter a, that provision of service should not give priority to private interests and/or specific group, letter b, there are security realization of rights and obligations in the execution, letter c, granting service does not distinguish tribe, race, religion, golongan, gender, and economic status, letter d, set rights shall be proportional to the fulfilment of an obligation that must be conducted either by kneelers, and service providers, letter e, set the service implementers should have competence in accordance with the duties, letter f, on the promotion of community participation in the administration of services by taking into account the aspirations, needs, and expectations of the community, letter g, provides that every citizen has the right to obtain a fair service, letter h, set each receiver services can easily access and obtain information about the desired services, letter i, set the service implementation process must be accounted for in accordance with the provisions of the legislation, letter j, prohibiting the granting of convenience against vulnerable groups so as to create justice in the Ministry, letter k, organize the completion of every kind of service done on time in accordance with the standard of service, and the letter l, regulating the any type of service performed quickly, easy, and affordable. [13]

In article 1 of the law of the Republic of Indonesia No. 25/2009 concerning the public service there is an understanding that public service is an

activity or series of activities in order to fulfill the needs of the Ministry in accordance with the laws and regulations of any citizens and residents on goods, services, and/or administrative services provided by the public service provider. *Implementer public service* or *implementer* is any institution implementer state, corporation, the independent agency that formed based on act to activity public service, and corporate body other formed solely for activities public service, The supervisor is the Chief organizer of the labor force work unit supervisor directly one or more work units, which carry out public services, *Public service provider organization* or *organizations organized* a work unit public service providers who were organizers of the State institutions, environment, corporations, independent institution established by law for public service activities, and other legal bodies formed solely to public service activities, *Public service executive* or *Executive* is an employee, officer, official, and everyone who works in the Organization in charge of implementing the action Organizers or a series of acts of public service, *A community* is all the parties, both nationals and residents as individuals, groups, or entities domiciled as beneficiaries of public services, either directly or indirectly, *Standard service* is a benchmark used as a reference implementation of the guidelines on the assessment of services and service quality as obligation and promise of Organizers to the community in the framework of a quality service, quick, easy, affordable, and scalable, *Notice of the Ministry* is the written statement containing the whole details the obligations and promises which are contained in the standards of service, *Public service information system* or *an information system* is a series of activities that include storage and information management as well as the mechanism of delivery of information from the Organizer to the community and vice versa in the form of oral, writing in Latin, writing letters, language, Braille pictures, and/or local languages, as well as served in manual or electronic, *Mediation* is dispute settlement public services through aid, between the parties either by itself or through a mediator ombudsman formed by ombudsman, *Adjudication* is a process of dispute resolution between the parties, public services are terminated by the ombudsman, *The Minister* is the Minister where the Ministry is responsible in the field of administrative reform, *The Ombudsman* is a State agency that has the authority supervising the implementation of the public service, whether held by the organizers of the State and Government including those held by State-owned enterprises, regional, and State-owned legal entity as well as private organizations, and individuals who are given the task of organizing the public service in particular that some or all of their funds from the budget of the State and/or local budget. [14]

In this case writer quote some of the opinions of Badruzaman (2001:82-89) that in public service for anything there are :



1. "Asas Kekuatan Mengikat" is the promise of the parties in the agreement are not solely limited to what the contracted value, there is also some other elements along the desired by the habits and propriety and morals.
2. "Asas Persamaan Hukum" which each party has equal degrees, all are equal before the law regardless of race, religion and ethnic group, to which the parties should respect each other in order to carry out its rights and obligations.
3. "Asas Keseimbangan" that is a continuation of the principle of legal equality where one party has the right to sue other parties while achievements must hammer out all of its obligations. In this case the position of the parties are balanced.
4. "Asas Kepastian Hukum" as a legal figure are agreements must contain a legal certainty, which means to apply as the law for the parties to make that agreement.
5. "Asas Moral" is the parties concerned undertook a legal action by volunteering to get it done. This deed was done as a call of conscience is concerned.[15]

Following this, Hood (1995) in the papers belonging to Hindri Asmoko called Management Strategic at Government Area : Innovation Towards Bureaucracy Professional in the website <http://www.bppk.depkeu.go.id/> which downloaded on 17 July 2013 taking into account the public sector management system into two basic elements that is the level of discrepancy from the private sector and the level of operating rules to be a buffer against political and managerial policies. Furthermore, Hood identify seven the doctrine that the underlying New Public Management (NPM) that :

- (1) Decomposition public sector into a unit corporation based on the product.
- (2) Provisions competition based contract with the internal market and contract conditional.
- (3) Emphasis on private sector style of management practices.
- (4) More emphasis on discipline and austerity in the use of resources.
- (5) Greater emphasis on the top management's vision.
- (6) Standards and performance indicators of success can be measured and clearly.
- (7) Greater emphasis on output.

Hindri Asmoko also explain the doctrine of one to four concerning technical difference administrial NPM in reducing public sector compared with the private sector. The doctrine of five to seven NPM with regard to technique in reducing the rules of public sector and improve the availability of wisdom for the manager of public sector. [16]

## 2.2. MANAGEMENT PERFORMANCE STRATEGIC PLANNING ON BUMN

According to sources from the website of USU repository is <http://repository.usu.ac.id/bitstream/123456789/28864>

/3/Chapter%20II.pdf that BUMN is one of the backbone economy (asset productive availability) expected to give positive contribution for the government in the form of dividends and taxes. The Government is very concerned over the management of BUMN while many BUMN that suffered losses because of poor management and not based on economic principles for the company and not transparent. Further described in website repository the USU that in certain cases the government provides subsidies are too much for BUMN so internally an effort to create efficiency in the management of BUMN is more complicated. Obscurity a portion taken the government in the management of BUMN to cause the government did not encourage efficiency in BUMN.[17]

According to source from the website of <http://digilib.usm.ac.id/files/disk1/3/gdl-usm--kesiwdjaj-122-1-manajeme-i.pdf> that supposed to be any privatization of BUMN experience for privatization policy cannot be separated from the management of BUMN companies. On other matters, the BUMN should carry out the mission became a profitable organization, but on the other hand also espouses a social mission as a public service that concerns the intention of life of the people. Further, said the BUMN as business entities that generate profit and public service, as well as the organization then there are a variety of measures had been taken, the restructuring, among others the target of its profit and privatization. Restructuring of BUMN always intersect with the issue of the order makro, namely regarding the political policy of BUMN with regard to order and micro which was about strategy a rearrangement state companies. Next target its profit is an increase profit or the revenue of profit is as a step further of a restructuring. While the privatization with regard to efforts to reduce the excessive role of the state in the business sector, in particular in order to mobilize and empower the community economy. [18]

In this case, necessary strategic planning in building the performance of BUMN and then Gaspersz (2004) explains the benefits of strategic planning, especially for BUMN, including :

- (1) Strategic planning is useful for planning for changes in a complex dynamic environment.
- (2) Strategic planning is useful for the management of results.
- (3) Strategic planning is an important managerial tool.
- (4) Strategic planning future oriented.
- (5) Strategic planning capable of adapting.
- (6) Strategic planning is essential to support customers.
- (7) Strategic planning promotes communication.[19]

According to Bryson and Roering (1987) that strategic planning is a system whereby managers creates, implements, and controls the important decision on cross function and level within the company. Strategic planning system should answer



four basic questions: where do we go (the mission), how do we get it (the strategy), is a blueprint for our actions (the budget), and how do we know the path that we go through (the control). [20] There have been many BUMN that successfully developed its strategic planning.

Here are two BUMN who managed to become a giant company, PT Perusahaan Gas Negara (Persero) Tbk, the BUMN in gas transmission and distribution sectors have prepared investment fund amounting to US \$ 1 billion to acquire two blocks of oil and gas (oil and gas) that Blocks the Ketapang Block (Madura) and Bengkanai (Central Kalimantan). According to Hendi Prio Santoso, President Director of PGN, funds that use is come from internal sources not from the government or state budgets. Through 2012, PGN has assets of US \$ 3.90 billion increase from 2011 amounted to US \$ 2.4 billion. This proves the BUMN can perform well. On the other, net profit amounted to PGN US \$ 890,89 million and were up by 31% from the previous year, which amounted to US \$ 680,80 million. Income neto PGN recorded US\$ 2.57 billion means growing by 16 % of its previous year which of US\$ 2.23 billion. Also Perum Perhutani who has entered age to 52 years. An age which long enough for a company belonging to the government. There is a factory that built the Perhutani has cost amounting to Rp. 45 billion so that targeted will rake in profits amounting to Rp 74 billion. These targets according to Perhutani not excessive because the current market development of plywood on a global level or local is experiencing significant growth, which grew by 6% each year for the Asia-Pacific market. [21] Both of the company's the success of strategic planning that is ripe and perfect so the service for public increasingly, over later.

### 3. CONCLUSION

1. According to article 1 of law No. 19/2003 on BUMN, BUMN that is divided into two, namely : (1) public company, hereinafter called the Persero, is the BUMN in the form of a limited liability company whose capital is divided into shares which are entirely or at least 51% (fifty one percent) owned by the Government of Indonesia that the main objective pursued profits, (2) a public company is BUMN, state-owned the entire capital is not divided into shares, which aims to benefit the public in the form of the supply of goods and/or services that are of high quality and at the same time pursuing profits based on the principle of management of the company.
2. The regulation of the Minister of State owned BUMN No.: PER-05/MBU/2011, paragraph 1 that the notion of Good Corporate Governance as the underlying principles of a process and mechanism of corporate governance is based on laws and regulations and corporate ethics.
3. BUMN is one of the backbone economy (asset productive availability) expected to give positive

contribution for the government in the form of dividends and taxes.

4. BUMN should be subjected to privatization to be organizations that bring in profits, but on the other hand also espouses a social mission as a public service that concerns the intention of life of the people.
5. Gaspersz (2004) explains the benefits of strategic planning, especially for BUMN, including :
  - (1) Strategic planning is useful for planning for changes in a complex dynamic environment.
  - (2) Strategic planning is useful for the management of results.
  - (3) Strategic planning is an important managerial tool.
  - (4) Strategic planning future oriented.
  - (5) Strategic planning capable of adapting.
  - (6) Strategic planning is essential to support customers.
  - (7) Strategic planning promotes communication.
6. Bryson and Roering (1987) describes the strategic planning is a system for managers to create, implement, and control the important decision on cross-function and level within the company.

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