Conference Paper

The Implementation of Good Governance Principles in the Asset Management of Regional-Owned Enterprises of South Sulawesi Province

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Abstract.

At the local government level, activities related to regional autonomy and decentralization go beyond merely implementing financial decentralization from the Central Government to Local Governments or Local Governments to Local Government Work Units (SKPD). It also includes the decentralization of asset management at the regional business unit level. The Regional State-Owned Enterprise (Perseroda) of South Sulawesi Province, as one of the units of Regional-Owned Enterprises, requires proper governance to promote regional autonomy and optimize regional revenue. Therefore, it is crucial to implement good governance principles to ensure accountable financial and asset management, which represents a government's success in providing public services. The implementation of good governance principles includes accountable, transparent, and law-abiding asset management. This study aims to analyze the application of the values and principles of good governance in asset management within the Perseroda of South Sulawesi Province. The study adopts a qualitative approach, and data are collected through interviews, observations, and document analysis. The data analysis technique is an interactive model, with data validity tested through triangulation. The results indicate that the application of values and principles of good governance in asset management still needs improvement due to constraints related to the quality of human resources and the adoption of technology in asset management. Efforts to enhance the quality of human resources, employee motivation, socialization, and control mechanisms for implementing good corporate governance must be optimized, with the aim of integrating these principles and values within the body of Perseroda in South Sulawesi Province.

Keywords: asset governance, good governance, regional-owned enterprises
1. Introduction

The autonomy granted to the regions aims to enable the concerned regions to regulate and manage their households [1]. In line with Law Number 23 of 2014 concerning the Local Government and Law Number 25 of 2004 concerning the Balancing of Central and Regional Government Finances, the role of regional governments has also increased. Significant efforts are needed from local governments to increase the efficiency and effectiveness of governance in the context of providing services to the community and implementing development. Based on this, local governments should be able to perform their duties accountably and transparently.

Transparency and public accountability are priorities of the community regarding how management is carried out by local governments [2]. Therefore, the concept of good governance exists to present a simple structure of organizational government, with a proper policy agenda, clear division of institutional tasks, balanced authority, professional personnel, efficient public service procedures, solid supervisory institutions, and a firm system of accountability. Good governance guarantees the creation of equal, equal, cohesive, and balanced conditions and the role of mutual control between the three components: government, civil society, and private sector actors. The similarity between these three elements greatly influences efforts to create good governance [3].

The enthusiasm for creating good governance is also in line with the issuance of Law Number 17 of 2003 concerning state finance. This shows that Central and Local Governments are committed to building state/regional finances following the principles of good governance (Irjen Depkeu, 2007). The principles of good governance are applied through accountable financial and asset managements. At the Local Government level, activities that are in line with regional autonomy and decentralization are not only in the aspect of implementing the decentralization of financial management from the Central to Local Government or from Local to Regional Work Units (SKPD) but also in the decentralization of regional asset management down to the provincial-owned corporation level.

Therefore, it is vital for Local Governments to manage existing assets optimally [4]. In addition, asset management or asset management is an essential part of the overall management component of the local government because assets play a strategic role in an organization. Regional assets are an essential resource for Local Governments as the primary support for provincial revenue, and are the dominant component of total assets owned by an entity. Therefore, Local Governments must be able to adequately manage assets.
Regional assets are essential elements of government administration and regional development. Regional assets are components related to regional balance sheets, both in the form of fixed and current assets, and even goods that are inventories are part of asset management. Therefore, asset management must be carried out in a program that can be accounted for and must reflect the commitment of the Local Government to implement governance that refers to the principles of good governance, namely transparency, fairness, and accountability, and also does not sacrifice public interest (public sphere). This encourages Local Governments to develop regional development strategies based on their potential.

To anticipate it and follow the spirit of regional autonomy, each region, including South Sulawesi, must be independent in exploring revenue potential to fulfill most of its development budget. Doli D. Siregar in Asset Management (2004) assures that one of the alternatives that can optimize regional revenue sources is the utilization of regional assets. Based on the researchers’ empirical observations, the management of regional assets within the Local Government of South Sulawesi Province faces two conditions: (1) the number of idle assets that have not been utilized or have been utilized but have not run optimally; (2) regional assets that have been utilized but have not run optimally. Generally, assets in the second category are grouped into separate assets managed by the Regional-Owned Enterprises (BUMD) of South Sulawesi Province to create a profit center that can significantly contribute to Regional Original Income (PAD). The following are data on the percentage contribution of regional asset management by South Sulawesi regional companies to PAD achievement in South Sulawesi Province.

<table>
<thead>
<tr>
<th>No</th>
<th>Period</th>
<th>Total Profit of South Sulawesi Perseroda (Rp.)</th>
<th>Total Profit of South Sulawesi PAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>507,325,000</td>
<td>4,138,631,216,915</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>2,031,049,169</td>
<td>3,890,209,265,434</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>2,329,755,601</td>
<td>4,469,247,245,334</td>
</tr>
</tbody>
</table>

Source: Processed by the author based on South Sulawesi Perseroda Data, and South Sulawesi BPS.

The PAD plays an essential role in implementing regional autonomy to reduce dependence on subsidies from the central government. However, based on Table 1.1, it is known that the contribution of the utilization of regional assets through BUMD to the PAD of South Sulawesi Province is quite contributive; although it is still not significant,
Perseroda’s profits have increased in nominal terms in 2021, but the percentage contribution to PAD has decreased. In 2019, Perseroda’s contribution to PAD was small (0.123%), while in 2020, it increased significantly (0.522%).

One of the BUMD units of South Sulawesi Province, namely the Regional-Owned Limited Liability Company, known as the Perseroda of South Sulawesi Province, is a regional company that has changed based on the Regional Regulation of South Sulawesi Province Number 2 of 2020. The Perseroda is a BUMD with ample assets. It plays a strategic role because it is directly related to the industrial sector and can significantly impact employment and encourage economic growth in the South Sulawesi Province. However, the results of an evaluation study of the Asset Performance of the South Sulawesi Provincial Government by the Investment and Empowerment Agency for Regional Business Wealth in 2021 stated that the Perseroda of South Sulawesi Province has large asset values but is yet to be utilized optimally.

Thus, asset management, especially fixed assets, is challenging, and Local Governments must manage their fixed assets as well as possible based on applicable regulations and principles. The management of regional fixed assets is an essential factor in the current administration of local governments to create good, effective, and efficient governance and public accountability. The importance of managing regional fixed assets in an efficient, effective, transparent, and accountable manner is stated in Government Regulation Number 38 of 2008 concerning the Management of State/Regional Property, which is also regulated in Regulation of the Minister of Home Affairs Number 19 of 2016 concerning the Guidelines for Management of Regional Property. With legal mandates, demands from the public, and the rapid development of information technology, the government is also trying to improve the management of regional fixed assets. In this context, the management of regional fixed assets began to change from conventional methods to more sophisticated systems, namely, through information and communication technology.

In relation to Perseroda, the role of corporate governance is vital because corporate governance impacts overall performance. Bintoro Tjokromidjojo views good governance as a form of development management, also called development administration, which places the central government as the agent of change in a developing society or developing country. The government acts as a regulator and market player to create a conducive climate and to invest in infrastructure that supports the business world. According to Mardiasmo [5], good governance is a concept-oriented approach to developing the public sector by good governance. Good governance refers to
everything related to actions or behavior directing, controlling, or influencing public affairs to realize these values in everyday life [6].

Based on Sedarmayanti’s [6] views, the principles of good governance are as follows:

a. Accountability: the government must be able to account for implementing the authority given in the field of duties and functions. Government officials must be able to account for policies, programs, and activities carried out or issued, including those closely related to the utilization of the three components in government bureaucracy, namely institutions (organization), management, and human resources. Public accountability consists of two types: vertical accountability, in the form of accountability to a higher authority, and horizontal accountability, in the form of accountability to the broader community. Meanwhile, Ellwood [7] stated that public accountability is complex. The stages of accountability can be seen in honesty and law, process accountability, performance accountability, program accountability, and police accountability.

b. Openness and transparency, that the public and fellow government officials can easily find and obtain data and information about the policies, programs, and activities of government officials at both the central and regional levels or other data and information that are not prohibited according to the agreed laws and regulations.

c. Obidience to law, that government apparatus upholds and bases every action on the rule of law, both related to the external environment (the wider community) and those limited to their internal environments, such as staffing and operating oversight rules. This principle is owned by the government apparatus. It follows the duties and functions of the government as a coach, director, and organizer of general governance and development (within certain limits).

Through the paradigm of good governance as an alternative to governance, the potential of each stakeholder can be actualized to overcome various problems and constraints faced by the regions in the implementation of regional autonomy. Along with the desire to realize good governance, the Local Government administration system, in the current era of autonomy, will be more democratic. Therefore, government activities should focus on democracy, empowerment, service, responsiveness, transparency, accountability, participation, partnership, decentralization, policy consistency, and legal certainty, at least the conditions for creating good governance in governance, development, and public services. Santosa [8] explained that the conditions for creating good governance include transparency, responsiveness, effectiveness, efficiency, and accountability.

On the other hand, the Perseroda of South Sulawesi Province, as one of the BUMD, plays a significant role in realizing the regional prosperity of South Sulawesi Province.
by contributing to PAD revenues, either in the form of dividends or taxes. The challenge for Perseroda in South Sulawesi Province is how to optimally contribute to increasing regional PAD amidst current industrial and economic challenges in the region. Therefore, Perseroda must be carried out with various efforts and correct principles so that it is more optimal to encourage regional autonomy, which can increase PAD. This thesis will analyze this problem, namely, how to apply the principles of good governance in the management of regional company assets of the South Sulawesi Provincial Government, as well as assessing the obstacles in managing the assets of Perseroda.

2. Methods

The research approach used descriptive qualitative analysis with a case study method. This study explains and describes the information that exists on the core phenomena that occur in participants in research with more depth to understand the meaning of a problem that exists in the research object [9]. This study analyzes the implementation of fixed asset management in the Perseroda of South Sulawesi Province based on the asset life cycle. The analysis used in this study compares the current condition with the governance approach for total assets.

3. Results and Discussion

First, the South Sulawesi Provincial Government established a regional company under the name South Sulawesi Regional Company (PD Sulsel) on July 13, 1967. This regional company continues to operate despite the fluctuating conditions. In 2020, in order to adapt the legal form of regional companies to world developments business, the South Sulawesi Provincial Government proposed a Draft Regional Regulation on the Change of the Legal Form of PD Sulsel from the form of a Regional Company (Perusda) to Perseroda. As a government partner, the Provincial Legislative Council (DPRD) of South Sulawesi responded positively to this proposal by forming the Perseroda Special Committee. After conducting in-depth discussions, the Special Committee for Perseroda recommended the approval of the proposal.

Good Governance in South Sulawesi Regional Companies has been implemented since the company was founded. As one of the BUMD, the South Sulawesi Regional Company is required to follow the rules set by the Regional Government of South Sulawesi Province to continue supporting and contributing to the regional economy. Seeing its purpose, Perseroda is a business entity that does not prioritize profit but is
primarily aimed at realizing the social function of the business entity towards society. Therefore, it functions as a public service. Until now, Perseroda has the following assets:

1. The South Sulawesi Property (SSPRO) is a business unit that engages in asset management. The assets currently being managed include the following.

2. The Shophouse Complex (Ruko) and Latanete Plaza Mall are located on Saddang River Street, Makassar, with an area of 23,000 m2 and 102 shophouses.

3. The 15,000 m2 Grand Sayang Park Hotel asset in Makassar Batupapan Hotel in Toraja, Tanah Toraja Regency, South Sulawesi.

4. Assets of the Juang 45 Building, with an area of 4,300 m2 on Sultan Alauddin Street, Makassar.

5. A 2,500 m2 asset in the Port Area of Makassar City.

6. A 4,700 m2 asset in the port area of Pareto city.

7. A 10,000 m2 asset in the People's Port of Paotere, Makassar City.

8. Latanete Shophouse and Mall

9. South Sulawesi Perseroda has assets of 23,000 m2 in the district business area of Saddang River Street in Makassar. The business area is built with 1 (one) 5 (five) five-floor mall units and 102 shophouse units. Currently, the mall is rented out by AceHardware and Informa, while shop house tenants have more than 90% occupancy.

10. Grand Sayang Park Hotel (GSPH)

11. This 3-star hotel with eight floors has 100 room units at Manunggal Number 22 Street, Makassar. Located on 1,500 m2 of land, the Grand Sayang Park Hotel targets a captive market. MICE collaborates with the OPD/SKPD of the South Sulawesi Provincial Government, whereas for hotel room marketing, it collaborates with OYO.

12. Lego-Lego Food Court

13. South Sulawesi Perseroda manages the Lego-Lego culinary food court in the center point of the Indonesian area, Makassar. This food court has 36 units and is one of the most popular culinary destinations in Makassar. South Sulawesi Perseroda is completing an additional 20 units to satisfy Losari Beach visitors.

14. Container Depot
15. South Sulawesi Perseroda has assets of approximately 10,000 m² in Paotere. The assets collaborate with PT TANTO to designate a container depot.

16. Train Facility Operator

17. South Sulawesi Perseroda and BUMN PT KAI won the Makassar-Pareto Passenger Railroad Facility Operator tender. The railroad line stretching between Makassar and Parepare has a distance of 145 km and is served by three train sets with 200 passengers per train set.

18. Agribusiness

19. Agribusiness is a business unit prepared to support the policies and work programs of the South Sulawesi Provincial Government in the fields of agriculture, animal husbandry, and fisheries. Currently, PT Sulsel Citra Indonesia (South Sulawesi Perseroda), through its subsidiary PT South Sulawesi Raja Agro, is carrying out the operation of a Corn Processing Factory for both corn seed and corn feed in Pucak, Maros Regency, with a production capacity of 150 tons/day.

20. This business activity aimed to make South Sulawesi an Independent Corn Seed. Agribusiness is being prepared as a Commercial Corn price buffer company. It helps government programs improve farmers’ welfare by buying corn farmers’ produce so that farmers’ selling prices are competitive compared with when they are sold to intermediaries. This effort also helps Local Governments maintain corn price stability. Livestock and Fishery Agribusiness are in preparation to explore cooperation with strategic partners.

21. Cement Distributor

22. The synergy of PT South Sulawesi Citra Indonesia (South Sulawesi Perseroda) with PT Tonasa Cement and business actors in the construction sector, the infrastructure sector, buildings, road facilities, and infrastructure is expected to be one of the sectors that can help accelerate economic growth in South Sulawesi.

23. Medical B3 Waste Transporter

24. Currently, the Medical B3 Waste Business Unit is still in the stage of providing Transporter Services and will be upgraded to become a B3 Waste Management business unit for both medical and industrial purposes. The plan is to build an Integrated B3 Waste Management Center, aiming to make South Sulawesi Province a leading province in B3 waste management.
25. Mamminasata Regional SPAM

26. Mamminasata Regional Drinking Water Supply System (SPAM) operator with a capacity of 1,000 liters/second is one of the PUPR Ministry’s Projects where PT Sulsel Citra Indonesia (Perseroda Sulsel) through PERGUB No.66 of 2020 was appointed as the raw water supply operator for PDAM Makassar City, PDAM Gowa Regency, PDAM Takallar Regency, PDAM Maros Regency.

27. Parking

28. The Parking Services Business Unit manages parking for four-wheeled and two-wheeled vehicles in Office Buildings owned by the South Sulawesi Provincial Government and the Central Point of Indonesia at Losari Beach, Makassar.

The results of interviews and tracing of the forms of implementing good governance in regional companies in the province of South Sulawesi support the statement of Gerriyent et al. [10] that regulation of legal accountability in organizational management is carried out to realize good governance. Setiabudhi [11] also stated that the government’s fixed asset management role is development with superior legal construction that reflects the implementation of Good Governance.

3.1. Accountability

Accountability can be explained as the social relationship between two actors. One is an accountant or forum that evaluates and judges the behavior of another entity called an accountant [12]. Based on the principle of accountability, regional companies in the province of South Sulawesi must be able to account for the clarity of their functions and duties following the authority possessed by all organs within the company. In South Sulawesi regional companies, the Board of Commissioners and Directors is willing to increase knowledge regarding the management of facilities and assets that support the implementation of their duties and responsibilities. South Sulawesi Perseroda also made improvements to the guidelines related to the compliance function, such as adding provisions regarding the company’s strategy to encourage the achievement of asset management that can provide profit value to the company.

In the regional state-owned enterprises of South Sulawesi Province, accountability is related to the management of company assets in each period to determine whether the work performed has achieved the targets. Individuals’ responsible nature greatly supports the implementation of accountability in the management of fixed assets. Accountability for the activities carried out by individuals in their work impacts a group’s
long-term interests. It can support the employees and staff of a company in carrying out accountable fixed asset management for the company’s sustainability. This was conveyed by the asset management department, Mr. AK, who stated:

“In the management of assets in the company, we regularly report to the CEO, such as reporting on regional companies managed by third parties or the provincial government itself to ensure the number of companies.” (Interview, May 2023).

Asset management activities become more accountable through the company’s reporting and performance measurement activities in managing its assets. Public accountability is the obligation of custodians; in this case, the management of South Sulawesi Perseroda, to provide accountability, present, report, and disclose all activities and responsibilities to the stakeholders (shareholders and the government) who have the right and authority to demand accountability. Hierarchical reporting within the company to shareholders, the South Sulawesi provincial government, and the Supreme Audit Agency (BPK) can reduce opportunities for corruption by increasing the transparency and accountability of public institutions. In addition, the asset procurement process carried out by Perseroda Sulsel complied with the provisions outlined in Presidential Decree 80 of 2003. The procurement process is conducted online, which supports and complements the procurement process and ensures accountability. Moreover, all procurement participants receive the same information and can follow the same procurement stages, as long as they have access to the system.

South Sulawesi Perseroda regularly monitors the management of company assets. Monitoring is crucial for companies to preserve their assets. Through monitoring and the strategic management team of the South Sulawesi Perseroda, a design and strategy for managing fixed assets is developed by developing a series of business units so that the assets can generate profits for the company. The Director of Business Development expressed this, Mr. BS stated:

“We continue to strive to create reliable strategies so that several private companies seek after this company to collaborate through approved cooperation agreements (PKS) for the benefit of both parties. In addition, our company is required to contribute to the PAD to the South Sulawesi Provincial Government, while the capital provided by the provincial government is in the form of assets owned by PT Perseroda, which have issues such as assets still being controlled by third parties. Another issue is that assets are recorded as capital and should be managed by PT. The Perseroda is sold by the provincial government to other parties. The fluctuating value of each asset compounds it.” (Interview, May 2023).
Perseroda also conducts internal and external audits. Every year, the Perseroda conducts audits following the applicable regulations. The Provincial State-Owned Enterprise of South Sulawesi has an internal audit divided into general audit and asset and investment audits. A public accountant conducts an external audit as an external auditor. Externally, Perseroda has used a Public Accountant appointed by the Board of Commissioners, particularly the Audit Committee, which monitors and evaluates the results of internal and external audit inspections to complete the financial reporting process.

Perseroda has a well-established company structure and Standard Operating Procedures (SOP) established by board members, namely the Board of Commissioners and the Board of Directors, based on the interests of the company and shareholders following regulatory provisions, namely Regional Government Regulation Number 2 of 2006. The organizational structure and SOP of the company are provided to each division leader and unit within the division. The organizational structure and SOP of the company clearly explained the division of tasks and responsibilities. Each organ of the organizational structure understands its tasks and to whom the reports are accountable.

3.2. Transparency

Based on the principle of transparency, Perseroda must be open to presenting and providing material and relevant information on asset management activities and transparency in decision-making processes related to asset management. As the management of the company, the Board of Directors plays a role in achieving the organization's goals, which can only be accomplished if accurate, transparent, and well-directed information is provided to every staff/employee. Understanding an organization's goals, particularly in asset management, will have a positive effect and prevent errors in decision-making.

Since its operation, the regional state-owned enterprises of South Sulawesi Province have demonstrated transparency to the public, especially regarding company information, annual reports, and strategic policies implemented by the company. The company's secretary, Mr. AR, stated:

"The transparency we practice in this company involves internal and external aspects. Internally, the transparency process starts at the bottom level; for example, in making strategic policies, each director participates in discussions before they are presented to the company’s CEO for decision-making. However, transparency to the public has not been fully implemented because of the lack of human resources
in managing media platforms, such as websites and Instagram. Nevertheless, as the responsible party, especially in the secretariat, we will continue to improve the transparency to the public in this company” (Interview, May 2023).

Additionally, based on an interview with Ms. HR, the Finance Manager of Perseroda, it was revealed that:

“Transparency in financial management is only practiced internally within the company and with the provincial government of South Sulawesi. However, we plan to update our transparency to the public in the future, especially through online media platforms such as the company’s official website and Instagram” (Interview, May 2023).

Perseroda openly communicated several strategic policies regarding asset management and asset investment for all employees. Furthermore, the Board of Directors coordinates with unit leaders to communicate the company’s business direction to achieve the vision and mission of the organization and evaluate the performance of Perseroda. The transparency process within this company has been implemented internally, but external transparency is yet to be effectively implemented. This can be seen from the limited release of official company information through various media channels until this year. Transparency in Perseroda includes the development of transparent service systems and procedures; explicit and detailed explanations of the tasks, obligations, and authorities of officers; and the rights and obligations of service users. It enables suppliers of goods and services to assess whether implementation in the field complies with the established provisions. All package details, contract values, procurement schedules, and participating bidders can be accessed by all users without user identification. In addition, with online procurement, every company can participate in the procurement process and monitor the entire process from the announcement of procurement to its completion.

3.3. Obedience to Law

Law enforcement is a commitment that considers aspects such as the rule of law, legal certainty, responsive laws, consistent and nondiscriminatory law enforcement, and judicial independence. In this study, Perseroda demonstrated compliance with the law by adhering to reporting requirements, such as Public Disclosure Reports, Financial Reports, Governance Implementation Reports, and other reports, which are provided in a complete and timely manner to regulatory bodies and the Local Government. The company’s secretary, Mr. AR, stated,
"In carrying out our duties and functions, especially in formulating policies within the company, we base our actions on the guidelines provided by Regional Regulation Number 2 of 2020, which serves as the foundation for issuing various policies" (Interview, May 2023).

Perseroda also established a special task force unit called the Centralized Reporting Task Force, which is responsible for delivering the company's reports to regulatory bodies, both online and offline. Furthermore, the Board of Directors monitors the implementation and achievement of the company’s business plans through visits to the company’s work units and management meetings held quarterly. Compliance with the law is an effort by the regional state-owned enterprise of South Sulawesi Province to minimize the imposition of penalties or fines resulting from errors or delays on regulatory bodies. This is achieved by establishing a Task Force Team responsible for delivering the company's reports to the regulatory body, namely the South Sulawesi Provincial Government.

The Task Force Team is accountable for preparing the financial reports to be submitted to the provincial government of South Sulawesi. The Board of Directors transparently conducts the selection of the Task Force Team to ensure effective performance in report preparation. Supervisory institutions also oversee the Task Force Team’s work to minimize fraud or manipulation of financial reports.

An internal audit team was formed to ensure that all rules and policies implemented by Perseroda comply with the laws, regulations, and other relevant regulations applicable to their business activities. This team aims to minimize errors in asset management. It ensures that the company is well-managed following the applicable regulations and legal principles; Mr. AK explained:

"The Internal Audit Unit (SPI) has the task of auditing reports from each unit, including financial and personnel reports. The results of our work are then submitted to the CEO for further action and become a part of the annual report for the Provincial Government as the majority shareholder. During the audit process, we always refer to the rules, guidelines, or SOP applicable within the company" (Interview, May 2023).

Perseroda provides reports to the local government and investors as a form of accountability to stakeholders. These reports include the Annual Report, which includes the Financial Report. The company is responsible for investors, particularly the local government, by monitoring the implementation and achievement of the company's Business Plan (RBP) through visits to business units and regular meetings within Perseroda.
Furthermore, Perseroda ensures that all assets, including land and movable assets (such as transportation equipment) have proper documentation of ownership (certificates). Concerning the rule of law, the management of fixed assets in Perseroda demonstrates legal awareness by maintaining proper documentation of assets under its control and conducting periodic audits of asset management.

The management board recognizes that misunderstandings may arise between shareholders and company executives regarding the management of Perseroda. This can lead to conflicts between company executives and shareholders, majority and minority shareholders, and shareholders and creditors.

As stated by the asset management department, the management of Perseroda assets has been well managed. This is indicated by several regional state-owned enterprises that have been reclaimed by the SCI company, previously taken by third parties, such as the Juang 45 building. However, interviews and analysis have shown that some principles of good corporate governance have yet to be fully implemented in the operational activities of Perseroda in previous periods. This is attributed to insufficient knowledge and understanding of human resources (HR) regarding the principles of good governance. Therefore, even though Perseroda regularly organizes activities to support the improvement of HR capacity, there still needs to be improvement.

The asset management process in Perseroda requires competent human resources to perform activities related to asset management, including maintenance and value enhancement. Asset management also involves stages of processing data on regional properties or inventories. Perseroda implemented physical, administrative, and legal security measures effectively regarding asset security. They continuously improve the quality of human resources and systems for asset management.

Furthermore, coordination in asset management within the company and coordination and cooperation with individuals and Local Governments and other companies involved in asset management must be further enhanced to achieve good asset management. Ms. EM from the Human Resources Department expressed the following:

“The number of Perseroda employees is about 80 who manage all government assets scattered across the South Sulawesi Province, such as Makassar, Parepare, and Tanah Toraja. The strategy we employ to address issues within the company, especially in asset management, is to create small working teams assigned to manage each asset” (Interview, May 2023).

Regarding the application of technology, Perseroda acknowledged that they face various obstacles in establishing good company management processes. Although they have successfully implemented several principles of good governance, challenges and
obstacles remain. Apart from human resource barriers, implementing good governance principles in asset management is necessary because of the perceived lack of technological expertise. It is recognized as a result of technological advancements that require adequate technological capabilities, as numerous tasks require technological proficiency.

Indeed, Perseroda needs to pay special attention to technological competence, as highlighted by Ms. EM from the Human Resources Department. Perseroda Staff Members, who serve as public service providers and are part of the company’s management, need to possess knowledge of technology and the ability to apply it to deliver the best services for the corporation and wider community.

“The challenge in implementing effective technology ultimately relies on the quality of staff members. Technological experts are required to ensure appropriate asset management. Technology can facilitate work; however, cultural factors can also influence employees’ acceptance and management of technology. Some employees are adaptable to technology, while others are not. It is appropriate and necessary to have regulations and training to facilitate the implementation of good technology for asset management. It is what the company’s management strives for” (Interview, May 2023).

Information technology is one way to enhance public participation, as it is crucial, especially for overseeing the operational activities of Perseroda. Public participation can also encourage companies to be more open in providing information to the public, thus improving governance within the regional state-owned enterprises of South Sulawesi Province and making it more transparent. Staff members must gain technological proficiency in implementing good governance within Perseroda.

Perseroda is aware that the suboptimal implementation of good governance concepts and ineffective execution of these concepts can lead to significant potential problems for the company. These problems would also adversely affect society overall. Operating the company following regulations and the principles of good governance will at least minimize opportunities for corruption and even eradicate it.

4. Conclusion

a. The asset management activities in Perseroda, South Sulawesi, are more accountable through a series of reporting and performance measurement activities conducted by the company to manage its assets. Management in the Perseroda of South Sulawesi is responsible for providing accountability, presenting, reporting, and disclosing all activities and responsibilities to stakeholders (shareholders and government) with the
right and authority to demand accountability. Hierarchical reporting within the company to shareholders, the South Sulawesi Provincial Government, and the Financial Audit Board (BPK) can reduce opportunities for corruption by increasing transparency and accountability in public institutions. On the other hand, transparency refers to the company’s openness in providing information on the company’s performance in terms of timeliness and accuracy. Transparency within the company includes developing transparent service systems and procedures; explicit and detailed explanations of the tasks, obligations, and authorities of officers; and the rights and obligations of service users. Furthermore, the principle of Compliance with the Law was demonstrated by Perseroda of South Sulawesi through its adherence to the law in submitting complete and timely reports, such as Publication Reports, Financial Reports, Corporate Governance Implementation Reports, and other reports, to regulators and the Local Government.

b. In asset management, various obstacles commonly arise when implementing good governance in the Perseroda of South Sulawesi. These obstacles include the need for more knowledge and understanding of human resources (HR) regarding the principles of good governance. In addition, the obstacles in asset management within the regional state-owned enterprises of South Sulawesi Province are also related to the need for more mastery of technology. These barriers are acknowledged owing to the implications of technological advancements that require adequate technological capabilities to address numerous access requirements.

c. To effectively implement the principles of good governance in asset management within the Perseroda of South Sulawesi, the company should have comprehensive and structured work standards and establish good relationships between the board of commissioners, board of directors, and other stakeholders to prevent conflicts of interest that often arise. The Perseroda of South Sulawesi should enhance the skills and competencies of human resources in managing and developing company assets. Furthermore, there is a need to improve the quality of information technology infrastructure to support a company’s operational activities and business endeavors. It is expected that the development of human resource quality should not only focus on management aspects but also on staff members who should have the motivation to improve their skills and acquire technological knowledge.
References


