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CORPORATE ACCOUNTABILITY FOR STATE FINANCIAL LOSSES IN STATE-OWNED ENTERPRISES

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Abstrak

Penelitian ini bertujuan untuk menganalisis pertanggungjawaban korporasi atas kerugian keuangan negara yang disebabkan oleh kelalaian dalam pengelolaan BUMN. Metode yang digunakan dalam penelitian ini adalah penelitian hukum normatif, dengan pendekatan perundang-undangan dan konseptual. Penelitian ini mengkaji peraturan-peraturan yang mengatur pengelolaan BUMN serta menelaah penerapan pertanggungjawaban hukum terhadap pengelola BUMN yang menyebabkan kerugian keuangan negara. Hasil penelitian menunjukkan bahwa meskipun terdapat regulasi yang mengatur pertanggungjawaban pengelola BUMN, penerapan hukum yang tegas terhadap pengelola yang menyebabkan kerugian negara masih belum optimal. Pengelolaan yang tidak transparan, pengawasan yang lemah, dan kebijakan pemerintah yang tidak konsisten menjadi faktor penyebab utama terjadinya kerugian tersebut. Penelitian ini merekomendasikan perlunya penguatan sistem pengawasan, penerapan manajemen risiko yang lebih baik, serta penegakan hukum yang lebih tegas terhadap pengelola BUMN yang menyebabkan kerugian negara.

Kata Kunci*:* Pertanggungjawaban Korporasi; Kerugian Keuangan Negara; BUMN; Hukum Bisnis; Pengelolaan BUMN.

Abstract

The Constitutional Court's decision in the case of the 2024 North Barito Regent and Vice Regent Election Result This study aims to analyze the corporate responsibility for the financial losses to the state caused by negligence in managing SOEs. The method used in this research is normative legal research, with legislative and conceptual approaches. This study examines the regulations governing SOE management and explores the implementation of legal responsibility for SOE managers who cause financial losses to the state. The research findings indicate that despite existing regulations on corporate responsibility, the enforcement of strict legal measures against managers causing state financial losses remains insufficient. Lack of transparency, weak supervision, and inconsistent government policies are the main factors leading to such losses. This study recommends strengthening the supervision system, applying better risk management, and enforcing stricter legal measures against SOE managers responsible for financial losses to the state.

Keywords*: Corporate Responsibility; Financial Loss to the State; SOEs; Business Law; SOE Management etc.*

1. INTRODUCTION

In the context of business law in Indonesia, State-Owned Enterprises (SOEs) play a crucial role in the national economy, both as drivers of strategic economic sectors and providers of public services [1]. Although SOEs are entities owned by the state, in practice, they often face management problems that can lead to significant financial losses, ultimately harming state finances. These losses are not only material but also have long-term impacts on public trust in the SOEs' ability to perform their duties efficiently and transparently. In many cases, the losses experienced by SOEs raise questions about who should be held responsible for such losses and what forms of legal accountability should be applied.

The urgency of this study lies in the importance of understanding corporate responsibility in the management of SOEs, which must be accountable for state losses arising from non-transparent management or managerial negligence. Despite various efforts to regulate SOE governance, it is often found in practice that the management or board of directors of SOEs are not sufficiently legally responsible for the losses incurred. Based on this, this article aims to analyze corporate legal responsibility concerning losses caused by SOEs to state finances, as well as to analyze appropriate accountability mechanisms from the perspective of business civil law.

Previous studies have discussed the role of SOEs in Indonesia’s economy and the related management issues. However, in-depth studies specifically addressing corporate accountability related to state financial losses due to negligence or poor management are rare. By focusing on the analysis of business civil law, this article fills that gap by examining the clarity of legal responsibility held by SOE managers and providing recommendations for steps needed to improve accountability mechanisms in the future.

The primary goal of this study is to explore and formulate the concept of corporate responsibility in relation to state financial losses in SOEs, and to analyze whether the existing accountability system is effective enough to guarantee the accountability of SOE management. The benefits of this research include providing a deeper understanding of the legal responsibility held by SOE managers within the framework of business civil law and contributing to the development of more efficient legal policies for SOE management in Indonesia.

The current state of SOE management in Indonesia reveals a persistent gap between regulatory frameworks and their practical enforcement. While laws and regulations exist to govern SOEs, many incidents of financial loss remain unaddressed or unresolved due to ambiguous legal responsibilities and ineffective enforcement mechanisms[2]. This disconnect has led to recurring losses that undermine the financial health of the state and diminish public confidence in SOEs as trustworthy economic actors.

Moreover, the complexity of corporate governance structures within SOEs, combined with overlapping roles between political interests and managerial autonomy, creates challenges in assigning clear accountability. This blurred accountability landscape often results in management negligence or misconduct going unpunished, leaving state financial losses uncompensated and raising questions about the sufficiency of the current legal framework.

[1] Pani Nurahmawati, Elisatris Gultom, and Indra Perwira, “Legal Policy of Responsibility for Unlawful Acts of Directors in Managing State-Owned Enterprises” 6798 (2024): 7630–43.

[2] Benedictus Satrio Habonaran et al., “CORRUPTION OFFENSES MANAGING DIRECTOR IN MAKING BUSINESS” 7, no. 1 (2024): 76–81.

The novelty of this study lies in its focused legal analysis that links corporate accountability directly to financial losses incurred by SOEs and their impact on state finances. Unlike broader economic or governance studies, this research delves specifically into the application of business civil law principles to the responsibility of SOE management, offering a fresh perspective on legal accountability that is critical in strengthening good governance.

This study also implicitly addresses the normative dimension by advocating for a more transparent, accountable, and legally enforceable system of responsibility for SOEs. It suggests that improving legal accountability mechanisms will not only prevent financial losses but also enhance public trust and encourage more ethical and professional management practices within these enterprises.[3]

Given Indonesia's heavy reliance on SOEs to drive key sectors of the economy and provide essential public services, ensuring their accountability is not just a legal necessity but a socio-economic imperative. Failure to address these issues risks perpetuating inefficiencies and losses that ultimately burden the state and its citizens, undermining broader goals of sustainable development and economic resilience.

Therefore, this study contributes to closing the gap between what is currently practiced and what ought to be implemented by providing an informed legal basis for reform. It seeks to inform policymakers, legal practitioners, and SOE stakeholders about the urgent need to strengthen corporate accountability frameworks to safeguard state finances and promote the sustainable success of Indonesia's SOEs.

2. METHODOLOGY

The method used in this study is normative legal research aimed at analyzing corporate responsibility for state financial losses in State-Owned Enterprises (SOEs). This research focuses on the analysis of business civil law related to corporate legal accountability and SOE management. The type of data used in this study is secondary data, which includes various legal sources, such as legislation, legal literature, and relevant previous research findings.[4]

The primary data sources used are the prevailing laws and regulations in Indonesia, particularly those related to SOE management, corporate law, and state financial protection law. In addition, secondary data were also obtained from legal documents, court decisions, and prior studies examining issues related to legal accountability in SOEs. Other sources used include journal articles, books, and reports concerning accountability and transparency in SOE management in Indonesia.

[3] KUSMONO, Benny SETIAWAN, and WIRAWAN, "Legal Risks Towards the Indonesian State Owned Enterprise (Soe)," *Journal of Public Administration, Finance and Law*, no. 27 (2023): 227–38, https://doi.org/10.47743/jopafl-2023-27-18.

[4] Vivi Arfiani Siregar and Feni Puspitasari, "Alternative Return for State Losses in Crime Cases," *International Journal of Multidisciplinary Research and Literature* 2, no. 4 (2023): 481–91, https://doi.org/10.53067/ijomral.v2i4.137.

Data processing was conducted using a statute approach and a conceptual approach.[5] The statute approach was used to examine laws and regulations governing SOEs and corporate legal responsibility in managing state finances. The conceptual approach was employed to analyze business law theories and legal concepts related to corporate accountability.

Data verification was carried out by reviewing the validity and reliability of the legal sources used, ensuring that the data obtained came from legitimate, trustworthy, and up-to-date sources. Verification was also conducted to ensure that the data collected were relevant to the research question, namely regarding corporate responsibility for state losses arising from inefficient SOE management or managerial negligence.

Data analysis was conducted using qualitative analysis techniques. The collected data were analyzed by linking business civil law theories with the practical management of SOEs in Indonesia. The analysis results were used to identify existing legal problems and to formulate recommendations for more effective accountability mechanisms in SOE management to reduce the risk of state financial losses.

3. ANALYSIS

A. Corporate Responsibility in the Management of State Finances in SOEs

Corporate responsibility within the context of managing State-Owned Enterprises (SOEs) encompasses both managerial and financial obligations that must be executed with utmost transparency and accountability. SOEs, as entities owned by the state, carry a dual mandate: to operate efficiently and profitably while simultaneously fulfilling broader socio-economic objectives, such as providing essential public services. This dual role positions SOEs uniquely within the legal and economic framework, requiring their managers to adhere to higher standards of responsibility than typical private corporations.

From a legal theory perspective, the concept of fiduciary duty is central to understanding corporate responsibility in SOEs. Fiduciary duty, rooted in civil law principles, mandates that managers and directors act in the best interests of the entity they serve—in this case, the state and, by extension, the public. This duty requires them to exercise prudence, diligence, and loyalty, avoiding conflicts of interest and ensuring that decisions enhance the entity's value without causing harm. Failure to uphold these duties can result in legal liability for negligence or breach of trust.[6]

Another relevant theory is the principle of public accountability, which extends beyond private fiduciary obligations to encompass obligations toward the broader community. In the public law domain, SOEs are subject to public accountability mechanisms designed to ensure that

[5] Penerapan Larangan et al., "South East Asia Law Aspect" 1, no. 1 (2024): 8–12.
[6] Davit Maisuradze et al., "Is Corporate Social Responsibility (CSR) a New Alternative to Governance Challenges of State-Owned Enterprises (SOEs)?3," *Central European Journal of Public Policy* 14, no. 2 (2020): 28–46, https://doi.org/10.2478/cejpp-2020-0007.

they operate transparently and use public resources responsibly.[7] This includes compliance with laws on financial disclosure, administrative oversight, and ethical conduct, reflecting theories of administrative law and public governance that emphasize transparency as a means to prevent misuse of power.

The agency theory also provides insight into the managerial challenges within SOEs. It highlights the potential conflicts between the principals (the state and public) and agents (SOE managers), where agents may not always act in the best interest of principals due to information asymmetry or divergent objectives. This theory underscores the need for effective monitoring and incentive structures to align managerial behavior with public and economic goals, reinforcing the importance of strong governance and oversight frameworks in SOEs.

Inefficient management or negligence in SOEs, therefore, is not just an operational failure but a legal breach of fiduciary and public duties. Such breaches can result in significant financial losses that burden state finances and violate legal norms protecting state assets. The consequences may include administrative sanctions, civil liability for damages, or even criminal prosecution depending on the severity and nature of misconduct.

In summary, corporate responsibility in SOE management must be grounded in a robust legal framework that integrates fiduciary duties, public accountability, and agency theory principles. This framework ensures that SOE managers fulfill their obligations transparently and efficiently, balancing profit motives with public service imperatives. By adhering to these legal and theoretical foundations, SOEs can better serve their dual role while safeguarding state resources and maintaining public trust.

According to Law Number 19 of 2003 concerning SOEs, the management of SOEs holds a fiduciary duty towards both the state and society. This fiduciary responsibility requires managers to handle the available resources prudently, efficiently, and transparently. The principle of prudence implies that managers must act with careful judgment, balancing risks and benefits to protect the interests of the state. Efficiency demands optimal use of resources to maximize output and minimize waste. Transparency requires openness in operations, allowing oversight and ensuring that decisions can be scrutinized by stakeholders.

Therefore, SOE managers are accountable for all actions or decisions that lead to financial losses for the state. This accountability can take the form of civil liability, requiring compensation for damages, or criminal liability if their conduct involves violations such as corruption, fraud, or gross negligence. The dual nature of this responsibility underscores the importance of establishing clear and enforceable mechanisms to hold corporate actors accountable in order to safeguard public assets.

Beyond legal obligations, corporate responsibility also carries ethical and socio-political dimensions. SOEs operate with public funds and serve public interests, which means that their management must uphold high standards of integrity and professionalism. Failure to do so not only

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[7] Ioana Andreea CIOLOMIC, Ioana Natalia BELEIU, and Răzvan Liviu NISTOR, "Theories of Corporate Governance Applied To State-Owned Enterprises," no. November (2023): 151–57, https://doi.org/10.24818/imc/2022/01.15.

results in financial harm but also erodes public trust in these institutions and undermines confidence in government stewardship of the economy.

The governance of State-Owned Enterprises (SOEs) inherently involves multiple layers of authority and responsibility, often involving various actors such as government officials, boards of directors, and executive management. This multi-tiered structure, while necessary to balance political oversight with operational autonomy, often results in overlapping roles that can blur lines of accountability. Without clear distinctions in responsibilities, it becomes challenging to determine who should be held liable when financial losses or management failures occur.

Government officials typically represent the state's interests as the ultimate owner of SOEs, setting broad policy directions and strategic priorities. However, these officials may also be involved in appointing boards and influencing major decisions, which can introduce political considerations into corporate governance. This political involvement, while important for aligning SOE activities with national goals, risks complicating objective oversight and may sometimes result in conflicting interests.

The board of directors is legally mandated to oversee SOE management, providing strategic guidance and monitoring performance. Yet, when government officials also serve on these boards or exert informal influence, the board's independence may be compromised. This dual role can dilute the board's ability to act as an effective check on executive management, weakening governance and increasing the risk of mismanagement.[8]

Executive management, tasked with the day-to-day operations of SOEs, must balance operational efficiency with compliance to regulations and policies set by the government and board. However, unclear governance structures may lead to ambiguous decision-making authority and accountability gaps. When roles and responsibilities are not clearly delineated, managers may evade responsibility by citing contradictory directives or unclear mandates from higher authorities.

This complexity creates a fertile ground for accountability issues, as overlapping roles enable diffusion of responsibility. In situations where problems arise, such as financial mismanagement or operational failures, determining which party is legally or morally responsible becomes challenging. This ambiguity can delay corrective actions and allow negligent behavior to persist without repercussions.

To address these challenges, a robust legal framework is essential. Such a framework must explicitly define the roles, responsibilities, and limits of authority for government officials, boards, and executives within SOEs. Clear legal statutes and regulations help prevent overlaps and conflicts by setting boundaries that each actor must respect, thereby streamlining governance processes.

Moreover, the legal framework should establish mechanisms for enforcing compliance and holding accountable those who breach their duties. This includes specifying sanctions for negligence, corruption, or failure to fulfill fiduciary responsibilities. By embedding these

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[8] Junino Jahja et al., "Corporate Governance, Managerial Diversion, and Indonesian State-Owned Enterprises: A Literature Review," *International Journal of Financial Research* 11, no. 5 (2020): 510–17, https://doi.org/10.5430/ijfr.v11n5p510.

provisions in law, the framework serves not only as a guide but also as a deterrent against malpractice.

In addition to defining roles and enforcement measures, the framework should encourage transparency and reporting obligations. Regular disclosures about decision-making processes, financial performance, and risk management activities create an environment where governance actors can be scrutinized effectively by oversight bodies and the public.

It is also important that the legal framework supports the independence of oversight institutions, such as internal audit committees, external auditors, and regulatory agencies. Independence ensures that these bodies can operate without undue influence from government or SOE executives, thus enhancing the integrity of governance and accountability.

Finally, continuous review and adaptation of the legal framework are necessary to respond to evolving challenges in SOE governance. As SOEs grow in complexity and operate in dynamic economic environments, governance rules must evolve accordingly to maintain clarity, effectiveness, and resilience. A well-structured, transparent, and enforceable legal framework ultimately strengthens SOE governance, protects public assets, and promotes sustainable development.

Moreover, as Indonesia continues to develop its economy and strengthen its institutions, enhancing the accountability mechanisms for SOEs becomes critical. Improved governance and responsible management practices will not only reduce the risk of financial losses but also promote sustainable development by ensuring that SOEs fulfill their economic and social mandates effectively.

In conclusion, corporate responsibility in the management of SOEs is a multifaceted obligation that encompasses legal, ethical, and managerial dimensions. It requires diligent adherence to fiduciary duties, transparency, and accountability to protect state finances and maintain public trust. Strengthening this responsibility through clearer regulations and enforcement will be vital for the future success and integrity of Indonesia's State-Owned Enterprises.

B. State Financial Losses in SOEs

State financial losses caused by State-Owned Enterprises (SOEs) often occur due to inefficient management, abuse of authority, or failures in risk management. Data from the Audit Board of Indonesia (Badan Pemeriksa Keuangan or BPK) indicate that in recent years, several SOEs have experienced significant losses[9]. These losses not only reflect operational inefficiencies but also point to systemic governance weaknesses that must be addressed to protect public resources.

Inefficient management in SOEs can take various forms, including poor financial planning, lack of clear performance targets, and ineffective use of resources. Such inefficiencies often arise

[9] Joko Sriwidodo, . Kristiawanto, and Tofik Yanuar, "The Role of Audit Results Decisions of the Financial Auditing Agency in Restoring State Losses," *Scientific Research Journal* 8, no. 8 (2020): 50–63, https://doi.org/10.31364/scirj/v8.i8.2020.p0820794.

when decision-making processes are slow, hierarchical, or influenced by non-business interests. Without a focus on productivity and cost control, SOEs may incur unnecessary expenses or miss opportunities to optimize revenues, thereby eroding financial sustainability.

Abuse of authority further compounds financial losses. This can manifest as corruption, nepotism, or unauthorized use of SOE assets for personal gain. In some cases, officials exploit weak oversight mechanisms or ambiguous regulatory frameworks to benefit themselves or their associates at the expense of the state. Such abuses undermine the integrity of SOEs and fuel public distrust, which can have far-reaching implications for government legitimacy.[10]

Failures in risk management also play a critical role in SOE losses. Many SOEs operate in volatile sectors, such as energy, transportation, and finance, where external shocks or market fluctuations can rapidly affect financial outcomes. Without robust risk identification, assessment, and mitigation strategies, SOEs remain vulnerable to sudden losses. Ineffective risk management can lead to poor investment decisions, project failures, or unexpected liabilities that strain financial resources.

The BPK's audit reports have repeatedly highlighted these issues, calling attention to the need for stronger governance reforms. These reports emphasize that financial losses are often preventable through better oversight, transparency, and accountability. Addressing the root causes identified by auditors is vital to ensuring that SOEs fulfill their mandates without compromising state finances, thereby contributing positively to Indonesia's economic development. For example, PT Garuda Indonesia suffered substantial financial losses due to poor management and inappropriate operational policies. The causes of state financial losses in SOEs can vary and generally include the following:

a. Lack of Transparent Financial Management: Insufficient clear and accurate reporting related to budget management often leads to misallocation of resources and untracked expenditures. This opacity makes it difficult for oversight bodies and the public to hold management accountable and increases the risk of misuse or mismanagement.
b. Ineffective Supervision: Oversight of SOE management, whether internal through internal audit mechanisms or external by government regulators and independent auditors, is frequently inadequate. Weak supervision allows inefficiencies, irregularities, or even corrupt practices to persist without timely detection or correction.
c. Inconsistent Government Policies: Policies that are not well-aligned with the needs and realities of the economic sectors served by SOEs can result in operational inefficiencies and financial losses. Sudden policy changes, political interference, or conflicting mandates often disrupt strategic planning and long-term sustainability.

The impacts of these financial losses are significant and multifaceted. Beyond the immediate damage to state finances, such losses erode public trust in the capability of SOEs to manage state assets effectively. This loss of confidence can extend to the reputation of the state itself, affecting investor perceptions and potentially hindering both domestic and foreign

[10] Cahyo Anggoro, "Kewenangan Pemeriksaan Badan Pemeriksa Keuangan Atas Badan Usaha Milik Negara," *Varia Justicia* 14, no. 1 (2018): 40–50, https://doi.org/10.31603/variajusticia.v14i1.2044.

investment. The broader national economy may suffer as a consequence, with reduced economic growth and diminished public welfare.

SOE	Losses (in billion IDR)	Primary Cause	Year
PT Garuda	13.8	Inefficient management	2020
PT PLN	7.3	Failed investments	2019
PT Pertamina	10.5	Failure of major projects	2021

These cases vividly illustrate the breadth and complexity of financial risks that State-Owned Enterprises (SOEs) in Indonesia face. Each company's experience reveals different facets of risk inherent in managing large-scale, state-owned organizations tasked with critical national functions. By examining these cases closely, it is possible to better understand the underlying causes of financial losses and the governance challenges that contribute to them.

PT Garuda Indonesia's significant losses serve as a stark example of how managerial inefficiency can severely impact a company's financial health. Inefficiencies can manifest in various ways, including poor financial planning, ineffective cost control, and inadequate strategic decision-making. In Garuda's case, failure to adapt to rapidly changing market conditions, such as shifts in consumer demand and increased competition, exacerbated these problems, leading to substantial financial deficits.

A key factor in Garuda's situation was its inability to implement agile and forward-looking business strategies. This included delays in fleet modernization, overcapacity issues, and mismanagement of operational costs. Such deficiencies point to a lack of robust management frameworks and underscore the importance of having dynamic leadership capable of steering SOEs through volatile market environments.

In contrast, PT PLN's financial losses highlight the inherent risks associated with large-scale investment decisions, especially in capital-intensive sectors like infrastructure and energy. Investments in power plants, transmission lines, and renewable energy projects require substantial upfront capital with long-term horizons for returns. Misjudgments in project viability, cost overruns, or delays can jeopardize the financial sustainability of the enterprise.

PLN's challenges demonstrate the critical need for rigorous investment appraisal processes and risk management protocols. Without thorough feasibility studies, sensitivity analyses, and contingency planning, SOEs risk committing resources to projects that may underperform or fail entirely. Effective governance structures must ensure that investment decisions are subject to stringent scrutiny and aligned with national development priorities.

Meanwhile, PT Pertamina's experience underscores the perilous nature of project execution failures. Project risks can stem from technical difficulties, supply chain disruptions, regulatory changes, or managerial incompetence. In Pertamina's case, failures to adequately assess project feasibility and monitor implementation led to costly overruns and setbacks that contributed to significant financial losses.

These project failures reveal gaps in Pertamina's internal controls and highlight the need for comprehensive project management systems. Such systems should incorporate best practices in planning, execution, and monitoring to detect early warning signs and mitigate adverse outcomes. Furthermore, effective coordination among project stakeholders and transparent communication channels are vital for success.

The diversity of these cases also points to systemic issues within SOE governance frameworks. Fragmented oversight, conflicting interests, and insufficient accountability mechanisms can create an environment where managerial errors go unchecked. Strengthening governance is therefore paramount to reducing exposure to these varied risks.

These examples underscore the critical need to integrate risk management comprehensively across all levels of State-Owned Enterprise (SOE) operations. Risk management should not be treated as a mere compliance activity or an afterthought but as a fundamental component of organizational strategy and daily operations. By embedding risk management into the corporate culture, SOEs can cultivate an environment where awareness and proactive handling of potential threats become routine practices.

Effective risk management begins with thorough risk identification, which requires SOEs to systematically recognize both internal and external risks that could affect their operations. Internal risks might include operational inefficiencies, financial mismanagement, or human resource challenges, while external risks could stem from market volatility, regulatory changes, or geopolitical factors. A comprehensive understanding of these risks enables organizations to prioritize them based on their potential impact and likelihood.

Following identification, risk assessment is essential to evaluate the severity and probability of each risk. This step allows SOEs to quantify potential financial, reputational, and operational consequences, enabling management and boards of directors to allocate resources effectively. By assessing risks objectively, SOEs can avoid reactive decision-making and instead adopt informed strategies that balance risk and opportunity.

Mitigation strategies must then be developed and implemented to address identified risks proactively. These strategies can range from operational changes and enhanced controls to insurance and diversification. Importantly, mitigation plans should be flexible and adaptable, allowing SOEs to respond swiftly to changing circumstances and emerging threats. Continuous monitoring of risk environments is vital to update and refine these strategies as needed.

Clear assignment of responsibilities for risk management is crucial to ensure accountability and effectiveness. Management teams should lead the implementation of risk policies, while boards of directors must oversee and approve risk frameworks and major mitigation plans. Defining roles explicitly prevents gaps or overlaps in risk oversight and helps integrate risk management into broader corporate governance processes.

Ultimately, adopting a proactive and embedded risk management approach helps SOEs anticipate challenges before they escalate into significant problems. This foresight can reduce financial losses, improve operational resilience, and strengthen stakeholder confidence. By fostering a culture that values risk awareness and preparedness, SOEs can better fulfill their mandates and contribute sustainably to national economic development.

Moreover, external factors such as economic volatility, policy shifts, and global market trends add layers of complexity to SOE risk management. Companies must develop resilience and flexibility to navigate these uncertainties, which requires continuous environmental scanning and strategic agility.

In conclusion, the financial difficulties faced by PT Garuda Indonesia, PT PLN, and PT Pertamina offer valuable lessons on the multifaceted risks confronting SOEs. Addressing these challenges demands robust governance, comprehensive risk management, and strong leadership committed to transparency and accountability. By learning from these cases, Indonesia's SOEs can enhance their operational effectiveness and contribute more sustainably to national development.

Addressing these issues requires strengthening governance structures, improving transparency in financial reporting, and enhancing supervisory mechanisms. Effective risk management frameworks should be institutionalized within SOEs to identify, monitor, and mitigate potential financial risks proactively. Furthermore, aligning government policies with the strategic goals of SOEs and maintaining consistent regulatory environments are essential to ensure sustainable performance.

Ultimately, reducing financial losses in SOEs not only protects state assets but also fosters public trust and promotes economic stability. This necessitates coordinated efforts between government regulators, SOE management, and independent auditors to implement reforms that ensure accountability and efficiency in the stewardship of state resources.

C. Implementation of Corporate Responsibility in Addressing State Losses in SOEs

The implementation of corporate legal responsibility for state losses hinges critically on the presence of firm law enforcement. Without the consistent application of legal consequences, accountability remains merely theoretical, and the risk of negligent or unlawful behavior persists. Enforcing laws rigorously sends a clear message that mismanagement and abuse of authority will not be tolerated, which is essential to deter potential misconduct within State-Owned Enterprises (SOEs).

A robust supervisory system is equally important in ensuring that legal responsibilities are upheld. Such a system involves multiple layers of oversight, including internal controls within SOEs, external audits by independent bodies like the Audit Board of Indonesia (BPK), and regulatory supervision by government agencies. Effective supervision helps identify irregularities early, enabling corrective actions before financial losses escalate to critical levels. It also provides a framework within which managers can be held accountable in a timely and transparent manner.

Managers of SOEs play a pivotal role as stewards of state assets and bear direct responsibility for their decisions and actions. When evidence shows that these managers have committed legal violations—such as fraud, corruption, or breach of fiduciary duty—or demonstrated gross negligence in managing the enterprises, they must face appropriate sanctions.

These sanctions serve both punitive and corrective purposes: punishing wrongdoing while reinforcing the standards expected of corporate managers entrusted with public resources.

According to Law Number 40 of 2007 concerning Limited Liability Companies, SOE managers can be subjected to administrative sanctions if they fail to perform their duties responsibly. These sanctions may include warnings, fines, suspension, or dismissal, depending on the severity of the negligence or misconduct. The law provides a legal basis for enforcing managerial accountability but requires diligent application and support from oversight institutions to be effective.

However, the successful implementation of legal responsibility depends not only on the existence of laws but also on the political will and institutional capacity to enforce them. Challenges such as bureaucratic inertia, political interference, and limited resources can hinder enforcement efforts. Overcoming these obstacles requires strengthening legal frameworks, empowering supervisory agencies, and fostering a culture of accountability and integrity within SOEs, ensuring that managers understand their obligations and the consequences of failing to uphold them. in practice, law enforcement against SOE managers faces numerous challenges.

One major obstacle is the lack of transparency in budget management and weak oversight, both internally within the SOEs and externally from institutions such as the Audit Board of Indonesia (BPK) and the Corruption Eradication Commission (KPK). This lack of transparency creates opportunities for mismanagement or abuse of authority to go undetected or unpunished, weakening accountability and undermining public trust.

Moreover, the enforcement of legal sanctions is often hindered by complex governance structures and political interference. In some cases, managers may have political backing or protection that complicates the process of holding them accountable. Additionally, overlapping regulations and unclear legal frameworks can create loopholes that delay or prevent effective sanctions.

To overcome the persistent challenges in the governance of State-Owned Enterprises (SOEs), comprehensive reforms in the oversight mechanisms are absolutely essential. The existing gaps in supervision and enforcement have shown that incremental changes are insufficient. Instead, a holistic approach must be adopted to revamp internal and external oversight frameworks to create a robust system capable of preventing mismanagement and financial losses. Strengthening oversight will not only safeguard state assets but also reinforce public trust in these critical institutions.[11]

One of the most crucial reforms involves strengthening internal audit functions within SOEs. Internal audit units serve as the first line of defense against inefficiencies and irregularities by conducting regular reviews of financial transactions, operational processes, and risk management practices. However, in many SOEs, internal audit departments suffer from inadequate resources, limited independence, and sometimes even internal conflicts of interest. Empowering

[11] Deepali Gupta, “Assessment of Corporate Governance Frameworks in Indian State-Owned Enterprises,” *International Scientific Journal of Engineering and Management* 03, no. 04 (2024): 1–9, https://doi.org/10.55041/isjem01531.

these units through increased funding, training, and ensuring their operational autonomy will enhance their ability to identify and address problems early before they escalate.

Improving coordination between various supervisory bodies is equally important. Oversight of SOEs is often fragmented, involving multiple institutions such as the Ministry of State-Owned Enterprises, the Audit Board of Indonesia (BPK), the Corruption Eradication Commission (KPK), and other regulatory agencies. Without clear coordination and information sharing protocols, these bodies may duplicate efforts, miss critical issues, or fail to act swiftly. Establishing integrated supervisory frameworks that promote collaboration, data exchange, and joint investigations will increase efficiency and effectiveness in oversight.

Enhancing the capacity of regulatory agencies to proactively monitor compliance is another vital step. Traditional audit and inspection processes are often reactive, relying on periodic reviews that may come too late to prevent losses. By adopting advanced technologies such as data analytics, artificial intelligence, and real-time monitoring systems, regulatory bodies can detect anomalies and risks in near real-time. This technological modernization will enable timely interventions and reduce opportunities for fraudulent or negligent behavior.

Transparency must be elevated as a cornerstone of SOE governance reforms. Public disclosure of financial reports, operational performance data, and risk assessments should be timely, accurate, and accessible. Transparent reporting not only facilitates accountability but also empowers stakeholders — including investors, civil society, and the general public — to scrutinize and provide feedback on SOE management. Transparency creates an environment where mismanagement is harder to conceal, thus deterring potential misconduct.

A clear and standardized reporting framework should be developed to ensure consistency and comparability of data across all SOEs. This includes establishing uniform accounting standards, disclosure requirements, and key performance indicators that reflect financial health, social impact, and governance quality. Standardization simplifies monitoring processes and helps regulators and stakeholders quickly identify areas of concern.

Alongside transparency, a culture of accountability needs to be fostered at every level of SOE management. Accountability mechanisms must include clearly defined roles and responsibilities, performance evaluations linked to objectives, and enforceable consequences for non-compliance or negligence. Managers and directors should be incentivized to uphold ethical standards and discouraged from risky or reckless decisions through governance policies that promote prudent behavior.

Capacity building programs are essential to equip SOE personnel with the skills and knowledge needed to adhere to new oversight frameworks. Training in corporate governance, risk management, financial reporting, and ethics will empower managers and auditors to meet heightened expectations. Continuous professional development will also help adapt to evolving regulatory requirements and market dynamics.

The role of external auditors and independent watchdogs must be strengthened to complement internal reforms. These actors provide an objective assessment of SOE performance and compliance, acting as an additional layer of scrutiny. Ensuring their independence and providing them with adequate authority and resources are critical for maintaining the integrity of the oversight system.

Lastly, stakeholder engagement should be promoted as a vital component of reform. Encouraging active participation from employees, investors, civil society organizations, and the media creates a multi-stakeholder environment that reinforces oversight. Public consultations, whistleblower protections, and open communication channels increase transparency and accountability, ultimately contributing to a governance ecosystem that is responsive, responsible, and resilient

Increasing accountability also requires the adoption of stricter governance standards that clearly define the roles and responsibilities of managers, boards of directors, and government oversight entities. Corporate governance codes specific to SOEs should emphasize ethical management, risk management, and compliance with applicable laws and regulations.

Furthermore, empowering external watchdogs such as BPK and KPK with greater investigative authority and resources is essential to detect and act upon irregularities promptly. Public participation and civil society oversight can also play a role in pressuring SOEs and regulators to maintain higher standards of transparency and accountability.

In conclusion, the effective application of corporate responsibility in addressing state financial losses in SOEs hinges on robust law enforcement and improved supervision systems. Without these, legal responsibilities remain theoretical, and financial losses continue unchecked. Therefore, concerted efforts from government, SOE management, regulatory agencies, and the public are vital to build a governance environment where accountability is not only expected but enforced, thereby protecting state assets and fostering sustainable economic growth.

4. CONCLUSION

Based on the analysis conducted, it can be concluded that corporate responsibility in managing State-Owned Enterprises (SOEs) must be upheld by the principles of transparency, accountability, and efficiency, given that SOEs manage resources that belong to the state and ultimately serve the public interest. Financial losses to the state caused by inefficient management or negligence on the part of SOE managers underscore the urgent need for stricter and more effective supervisory mechanisms. Although regulatory frameworks governing the accountability of SOE managers are already in place, the practical enforcement of these laws remains insufficient, revealing significant gaps that must be addressed.

In many cases, financial losses incurred by SOEs are not matched by adequate legal accountability, whether through civil or criminal sanctions. This is largely due to persistent problems such as a lack of transparency in financial reporting, weak internal and external oversight, and inconsistent government policies that hinder effective governance. These weaknesses not only allow mismanagement to persist but also erode public trust in SOEs as custodians of state assets.

Therefore, it is crucial to implement a management system that prioritizes openness and accountability to prevent recurrence of such losses. This includes enhancing the capacity and independence of internal audit functions and strengthening external supervision by government institutions like the Audit Board and the Corruption Eradication Commission. Furthermore, integrating comprehensive risk management practices within SOEs is essential to identify, assess, and mitigate potential financial risks proactively.

In light of these findings, several key recommendations emerge. First, a reform of the SOE supervisory system is necessary to close loopholes and improve enforcement of accountability measures. This reform should include the development of more transparent and accessible reporting systems that facilitate better monitoring by stakeholders. Second, SOE managers should receive targeted training focused on managerial ethics, good governance, and risk management to ensure they carry out their duties with professionalism, integrity, and a strong sense of responsibility. Lastly, law enforcement agencies must be empowered to impose stricter sanctions on managers who cause state losses, ensuring that accountability is both fair and effective, thereby reinforcing deterrence and promoting better governance.

Overall, strengthening corporate responsibility and governance frameworks in SOEs is essential not only to protect state finances but also to rebuild and maintain public confidence in these critical institutions that play a vital role in Indonesia's economic development.

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