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Supervision the Management of Holding Company Gowa Mandiri in Gowa Regency, South Sulawesi Province
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ABSTRACT
The objective of this research aimed to study and analyze the main problem, the root cause of the problem, the conceptual model of control and designing the action plan for the transformation of the municipally-owned corporations (MOC) at PD Holding Company Gowa Mandiri with research period from 2013 to 2018. This research utilize qualitative analysis using Soft System Thinking (SST) approach and Soft System Methodology (SSM) method. The primary data gathered from the interview and focus group discussion with focal points. I find two main problems in the MOC which is the lack of Good Corporate Governance (GCG) and interventions from the local government. There are also 11 root causes of the main problem. I suggest that MOC need a strengthened regulation on GCG and enhancing the paradigm of the local government to view MOC as a strategic organization so as to improve the policy making process of the MOC.

INTRODUCTION
The Law (UU) on Regional Government, starting with Law Number 4 of 1974, Law 22/1999, Law 34/2004, Law 23/2014, Law 2/2015 and most recently amended to Law 9/2015 states that the objective Regional autonomy through decentralization policies is an increase in regional economic competitiveness. One of the mandates given for regional autonomy is in the form of fiscal decentralization.
State ownership of commercial companies often exists for several reasons, including a mix of social, economic, and strategic interests (Rosyda & Raharja, 2020). Increasing quality Regional Original Revenue (PAD) is expected to come from the results of regionally owned companies or regionally owned enterprises (BUMD) and separated regional wealth management. Data released by the Central Statistics Agency (BPS) in the period 2005 to 2017 shows that revenue from BUMD contributed very little to Regional Original Income (PAD) with an average of 2.9% for the Province and 5.91% for the Regency / City level of the total Regional Original Revenue (PAD).

Based on Graph 1 above, it can be seen that the decline in the share of BUMD and regional wealth management that is separated from PAD has decreased sharply at the Regency / City level while at the Provincial level it tends to be stable. With this data, it is necessary to know the causes of the sharp decline that occurred at the Regency / City level.

Taking into account the functions and tasks of BUMD at both the national and regional levels, researchers are interested in researching PD Holding Company Gowa Mandiri (PD HCGM) in Gowa Regency, South Sulawesi Province. The reasons for choosing PD HCGM include:

a. PD HCGM has its own uniqueness because it is a holding company that has four types of business which are very varied and diversified, namely mining, transportation, livestock and agriculture.

b. Within five years, PD HCGM has continued to suffer losses and efforts are still being made to make it healthy again

c. The monitoring system for PD HCGM has not been implemented properly

d. PD HCGM also contributed PAD to Gowa Regency in conditions of loss. This is contrary to the provisions that have been made by the Government.

Research entitled "Management Strategies for Regional Owned Enterprises (BUMD) Persero to Realize the Principles of Good Corporate Governance" conducted by Budhisulistyawati, Muryanto and Sri CN in 2016
identified problems in the management of BUMD including problems in BUMD governance where not all BUMDs have implementing good corporate governance (GCG) and the problem of supervision and development of BUMD where the period of supervision is carried out based on Law 40/2007 through the board of commissioners. Perumda supervision is carried out by the supervisory board. Meanwhile, coaching is carried out by the existing structures in the respective local governments.

Research conducted by Erlingsson et al., (2018) entitled “Enterprise Owned by Local Governments: Are There Problems Associated by Governability, Transparency and Oversight” in 2015 aims to critically assess the implications of developing governance and supervision in line with developing insights from BUMD managers. The results of this study indicate that BUMDs need to focus on four things in an effort to get the best quality in leadership, auditing, control and accountability. The four things are: (1) regularly observing how the BUMD organizational structure is designed; (2) actively documenting and filing in order to achieve a good level of business transparency; (3) observing how directors are selected and how well the structures are formed and organizing training for the directors themselves; and (4) concerned about the inherent risk that becomes a dilemma where political elites often interfere with the management of BUMD which sometimes conflict with governance and accountability.

Research conducted by M. Alief Juliandri Putra in 2019 entitled "The authority of regional heads over Regional Owned Enterprises" shows that the regional government as shareholders has authority over a BUMD as long as the BUMD is in the form of a Limited Liability Company (PT). This is an implementation of the mandate of Law Number 40 of 2007 concerning Limited Liability Companies. The problem identified in this study is the overlapping authority of local governments as holders of regional power and shareholders.

Research by Munir, D.A., Mulyani, Sri., Bahrullah, Akbar., Yosep M. (2020) entitled "Effect of good village governance implementation in Indonesia" uses SEM quantitative methodology. This study aims to determine the effect of governance implementation on village fund management. By using 1,080 respondents, the results showed that weak governance implementation in village fund management could lead to a high degree of misappropriation of village funds. This condition is also reflected in the failure of the implementation of poverty reduction programs in the villages.

With regard to supervision, currently a supervisory model in the form of lines of defense has been developed. The Institute of Internal Auditors (IIA) developed the 3 Lines of Defense model. According to IIA, the 3LD model is divided into 3 functional groups consisting of:

a. The function that owns and manages risk is often referred to as operational management.

b. The function of controlling risk is often referred to as risk management and compliance. The risk management function is intended to facilitate and oversee the implementation of risk management carried out by operational management. The compliance function is aimed at overseeing various specific risks such as compliance with laws and regulations.

c. The function that provides independent assurance is often referred to as the internal control function. Internal auditors provide independent and professional assurance to the board of directors and senior management.
Based on the background and identification of the research problems above, this study aims to:

a. Review and analyze the main problems in the governance of BUMD at PD Holding Company Gowa Mandiri.
b. Assess and analyze the root causes of BUMD governance at PD Holding Company Gowa Mandiri
c. Review and analyze the conceptual model of BUMD supervision at PD Holding Company Gowa Mandiri which is the conceptual finding of this research
d. Designing action plans for BUMD changes at PD Holding Company Gowa Mandiri

LITERATURE REVIEW

Dwight Waldo gives two definitions of public administration as follows:

a. Public administration is the organization and management of people and things in order to achieve the goals of government.
b. Public administration is an art and science of management that is used to regulate state affairs.

Meanwhile, Dimock and Dimock (1986) define Public Administration as questioning the "what" and "how" problems in government circles. What problem is the subject matter of knowledge about a field that enables an administrator to carry out his duties. The problem of how is related to technique rather than management, namely the principles that form the basis for implementing cooperative plans to success. From the definition of Public Administration according to Dwight Waldo and Dimock and Dimock (1986) above, both include management as the main element of Public Administration.

Henry Fayol introduced 5 management functions consisting of planning, organizing, commanding, coordinating and controlling. Especially for the supervisory management function, Koontz and O Donnel stated that supervision is the measurement and correction of staff performance in order to ensure that company goals can be achieved and planning can be completed. Meanwhile, according to Robin and Coulter, control / supervision is a process of monitoring activities to ensure that they are completed as planned and the process of correcting any significant deviations. Meanwhile, according to Siagian, supervision is a process of observation rather than the implementation of the entire organization to ensure that all work being carried out goes according to a predetermined plan. The creation of an effective supervisory system is carried out based on the balance of power distribution between the board of commissioners, the board of directors, shareholders and auditors (Suwandi et al., 2019).

RESEARCH METHODS

The method used in this research is qualitative method. The data used in this study are primary data obtained by researchers from data sources or sources directly. By collecting selected resource persons through focus group discussion (FGD) and in-depth interviews, it is hoped that sufficient data will be obtained for the analysis process in this study. According to Neuman (2014), ideal sources need to meet the following requirements:

a. People who are really familiar and understand the research problems
b. Individuals currently involved in research problems
c. People who can participate with researchers in collecting research data
d. Regulating parties related to research problems.

Based on the conditions proposed by Neuman (2014), the selection of resource persons and the implementation of FGDs and interviews can be explained as follows:

The FGD was conducted in Gowa Regency, namely with the Directors of the PD Holding Company Gowa Mandiri and with the leaders and members of the Gowa Regency DPRD. FGDs were also conducted with officials and auditors at the representative office of the Republic of Indonesia Audit Board in Makassar City, South Sulawesi Province. The procedure in the FGD was carried out by the researcher collecting the sources. The researcher acts as a moderator who tries to explore the problems and solutions to the problems caused by not providing directions so that the speakers can freely explore their opinions. Meanwhile, interviews were conducted with the Supervisory Board and Head of SPI PD HCGM and the Head of the Inspectorate of Gowa Regency in Gowa Regency. Meanwhile, interviews at the Head Office of the Supreme Audit Agency of the Republic of Indonesia in Jakarta were conducted with BPK RI Expert Staff for BUMN / BUMD and other separated state / regional assets as well as the Main Auditor of State Finance VI.

The qualitative analysis used in this study is a Soft Systems Thinking (SST) approach using the Soft System Methodology (SSM) method. According to Checkland and Poulter (2006) SSM is an organized way of looking at a problem or social situation that is crossed on what steps need to be taken. SSM organizes thoughts about the situation and steps to be taken so that improvements can be made to the actual situation. The model in SSM is a tool used to understand real events that are considered to be problems. There are 7 steps in the data analysis technique according to the Soft System Methodology. The 7 steps can be seen in the following diagram:

![Figure 1. Steps in Data Analysis](source: Checkland and Poulter (2006))

**RESULTS AND DISCUSSIONS**

Discussion of the First Steps of the SSM Problem Situation Considered Problematic. In the first step of SSM, researchers collected preliminary information on the governance of BUMDs in districts / cities. The
methodology used in this first step is to specifically identify the problems raised by the informants. Based on the discussion and answers from the speakers regarding the problems that were revealed and occurred in the management of BUMD. Based on the informants' answers, there were 61 problems identified by the speakers, including the formation of BUMD based on immature considerations so that it had an impact on the financial performance of the BUMD and the intervention of the Regional Government on BUMD.

Discussion of Second Step SSM Problem Situation Express. To express the problems that have been expressed by the informants and identified by previous research, is to do problem mapping (problem mapping relations). The purpose of mapping the relationship between these problems is to find out which problem is the most dominant or the main problem which is the focus of research analysis to find the root of the problem. The number of linkages of previous research problems with sources can be seen in the following graph:

Graph 2. Linkage of Previous Research Problems and Resource Persons

Source: Budhisulistyawati, et al. (2016)

Based on graph 2 above, it can be seen that the problems revealed in the research of Budhisulityawati, Muryanto and Sri CN in 2016 were in the form of "BUMD governance problems where not all BUMDs have implemented good corporate governance (GCG)" has 31 links to problems identified by the informants, including SPI has never been in direct contact with the DPRD and the last audit of financial statements by KAP was carried out in 2013. As for the problems expressed by the informants that have a relationship with the problems identified by previous research, it can be seen in graph 3. below:

Graph 3. Relationship of The Problems Revealed by The Speakers With Previous Research

Source: Budhisulistyawati, et al. (2016)
Based on Graph 3 above, it can be seen that the problems revealed by the speakers have the most correlation with the problems identified in the previous research, namely local government intervention against BUMD or problems revealed by resource persons Suhardi from the BPK have 25 relationships with problems identified by previous research. The twenty-five problems include how do local governments nominate and appoint a board of directors for their company? And general problems in the form of problems in politics, government, law, human resources and organizational resources. Based on the identified problems of previous research and disclosure of problems from sources, there are two main problems in BUMD management, namely: BUMD governance problems where not all BUMDs have implemented good corporate governance (GCG) and Regional Government Intervention on BUMD.

Third Step Discussion SSM Root Definition of Relevant Purposeful Activity System. Root definition (RD) is the steps and human activities that are relevant to the problematic that occurs or the formal expression of thought by analyzing the root of the problem. This step identifies five Root Definitions namely: regulations and laws, local government policies, corporate governance, corporate resources and procedures and management.

Fourth Step Discussion SSM controlling conceptual models of the systems named in the root definition. The fourth step is the process of assembling the concepts and structuring the root of the problem with the relevant formal concepts on the problem into a conceptual model of supervision. A conceptual model of supervision based on a certain point of view (a decolored worldview) from the researcher. Based on the root definition identified above, the conceptual model that will be produced is five conceptual models of supervision in accordance with the five Root Definitions.

Results of the Fifth Step SSM, comparison of models and real world. To compare the conceptual model of supervision designed above with the current practice in BUMD is to identify new and updated elements in the conceptual model of supervision. There are 18 new and updated elements in the conceptual model of supervision. The final result achieved from the conceptual model of supervision is the creation of a monitoring model of the six lines of defense.

The results of the Sixth Step, changes systematically desirable, culturally feasible. The theory of change that is suitable for the conceptual model of supervision in BUMD is to adopt the theory of teleological change or changes in organizations occur because organizations want to become better as described by Chen et. al. (2015) in Chapter 2 above. Whereas the types of changes made in this conceptual supervision model based on the results of research conducted by Arifin (2017) are intentional change, and are complemented by a change strategy in the form of political, economic, academic, engineering, followers and application models.

Seventh Step Results, action to improve situation. The design of action plans in change in BUMD can adopt the theory developed by Cummings & Worley (2015) which identifies five activities in order to implement change management. The five activities are: (1) motivating change; (2) establish a vision; (3) get political support; (4) managing the transition period; and (5) maintaining momentum.
CONCLUSION

From this study it can be concluded that there are two main problems in the management of BUMD, namely the problem of BUMD governance where not all BUMD have implemented Good Corporate Governance (GCG) and the existence of local government intervention on BUMD. There are 11 root causes in BUMD governance, namely SPI never associated with DPRD, no Standard Operating Procedure (SOP), supervision of subsidiaries only through WhatsApp media, reports on company business units are carried out every month through monthly meetings during payday, never budgeted costs for auditing financial statements, BUMD is a place for people who are no longer used / entrusted, local government intervention in BUMD, lack of local government intention to audit BUMD financial reports, weak BUMD management human resources and the establishment of BUMD following the election of the Regent, once the Regent is over his position was followed by the bankruptcy of BUMD. The conceptual model of BUMD supervision is based on the consideration of the main problems and root problems of BUMD governance which are new findings or novelty from this study following the lines of defense model. Six lines of defense is the resulting conceptual model of supervision. Six lines of defense consist of six lines of defense, namely the first line of defense is carried out by the management or management of BUMD, the second line of defense is the defense carried out by management who specifically handles risk management, the third line of defense is carried out by the internal auditor, the fourth line of defense is carried out by the external auditor. , the fifth line of defense is carried out by an additional line of defense given to local governments through establishment and intervention policies in accordance with regulations and provisions and the sixth line of defense is the line of defense given to law through the availability of clear and complete regulations so that BUMD operates on a legal basis clear.

Based on the conclusions that have been obtained, the suggestions that can be given are as follows:

a. There needs to be a strengthening of regulations regarding the implementation of GCG in BUMD. In this case the Minister of Home Affairs needs to issue a Regulation of the Minister of Home Affairs regarding the implementation of GCG in BUMD by adopting a BUMN Ministerial Regulation on the implementation of GCG in BUMN

b. There needs to be a strengthening of the paradigm from the Regional Government that BUMD is a strategic organization so that the policies taken by the Regional Government regarding BUMD provide strength for BUMD in conducting business.

Given that of the 3 objectives of establishing a BUMD, namely moving the regional economy, providing public services and seeking profit, only 1 has been studied, namely seeking profit for local revenue, it is necessary to carry out further research on the other 2 objectives of establishing BUMD, namely to drive the regional economy and provide services general.
REFERENCES


Law No. 23/2014 on Regional Government.


