



Juridical Review of the Comparative Law on the Regulation of Indonesian State-Owned Enterprises and Singapore's Government-Linked Companies

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Article's Information	Abstract
keywords: State-Owned Enterprises, Government-Linked Companies, Corporate Governance, Legal Politics, Economic Law.	This research offers a comparative assessment of the governance of State-Owned Enterprises (BUMN) in Indonesia and Government-Linked Companies (GLCs) in Singapore under the economic law framework. The study emphasizes the dual function of BUMN as profit-driven organizations and implementers of public duties, which frequently exposes them to political influences, budget limitations, and development initiatives, consequently diminishing resource allocation efficiency. In contrast, GLCs function under Temasek Holdings' ownership, maintaining a distinct separation between ownership and regulatory roles, backed by external oversight from the Monetary Authority of Singapore (MAS) and capital market regulations. This framework guarantees managerial autonomy, openness, and responsibility, enabling GLCs to make market-driven choices and reach worldwide

Rivalry. Applying Richard Posner's economic theory of law, the research concludes that efficiency emerges when legal frameworks promote rational, clear, and non-bureaucratic decision processes. The governance of BUMN faces obstacles from conflicting regulations, slow reporting, and vulnerability to political pressure, resulting in financial inefficiencies and reliance on government capital injections. Conversely, GLCs reliably generate earnings and promote national economic development by implementing effective corporate strategies and complying with international reporting standards.

A. Introduction

The economy of Indonesia is structured according to the concept of economic democracy as outlined in Article 33 of the 1945 Constitution of the Republic of Indonesia. This clause embodies the belief that industries essential to the nation and that directly impact the welfare of citizens should stay under government oversight. This constitutional provision acts as the legal basis for the creation of State-Owned Enterprises (SOEs) as state tools to oversee strategic resources aimed at achieving public welfare. The existence of SOEs is intended to enhance the well-being of the population by supplying public goods and services, overseeing natural resources, and generating contributions to government revenue. State-owned enterprises (SOEs) serve a dual purpose as both business organizations and suppliers of public services, thus necessitating legal frameworks that can reconcile economic interests with social duties.

The laws regulating SOEs are designed to offer legal clarity for the administration of state-owned enterprises, as specified in Law Number 19 of 2003 on SOEs (hereafter called Law 19/2003), which details their legal standing, corporate structures, management processes, and oversight systems. Law 19/2003 categorizes SOEs into Public Corporations (Perum) and Limited Liability Companies (Persero), with each having unique features and goals. Perum focuses on serving the public, whereas Persero aims for profit generation while also backing government initiatives. This legal framework establishes a definitive structure concerning the function of SOEs within the national economy. Nonetheless, in reality, execution encounters difficulties in aligning the objectives of public service with the requirements of business efficiency. This situation requires regulations that can maintain a balance between these two conflicting interests.¹

State-Owned Enterprises (SOEs) are essential in ensuring the stability and independence of the national economy by overseeing critical sectors important to the

¹ Tiyas Asri Putri, *Pengawasan Pengelolaan Keuangan Negara Terhadap Badan Usaha Milik Negara (BUMN)*, Jurnal Sibatik, Vol. 1, No. 7, 2022, h. 1004.

public concern. Their role goes beyond generating profits to encompass the duty of delivering accessible and fair public services. State-owned enterprises act as economic catalysts by generating job opportunities, encouraging investments, and producing multiplier impacts for the broader community. Their input to the State Budget (APBN) is very important, whether via tax contributions, dividends, or profit remittances. Dividends from SOEs annually represent one of the revenue sources for the state that support national development initiatives.

This strategic function is illustrated by state-owned enterprises like PT Pertamina (Persero), which oversees national energy resources and assures fuel distribution throughout the archipelago; PT PLN (Persero), which secures electricity supply as a fundamental requirement; and PT Telkom Indonesia (Persero) Tbk, which enhances communication access and fosters digitalization. In the financial industry, entities like PT Bank Mandiri (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk enhance financial accessibility and promote the development of micro, small, and medium enterprises (MSMEs). These instances emphasize that SOEs are not only profit-driven but also serve as development catalysts that foster sustainable economic growth and fair social welfare.²

² Amir Firmansyah, Aris Machmud, Suparji, *Peran BUMN sebagai Pilar Utama Ekonomi Nasional yang Mandiri: Sebuah Kajian Hukum Korporasi*, jurnal Binamulia Hukum, Vol. 13, No. 2, 2024, h. 518.

State-Owned Enterprises (SOEs) play a crucial role in the Indonesian economy as entities designated by Article 33 of the 1945 Constitution to oversee key sectors for the benefit of the public while also bolstering state revenue and development. In addition to generating profit, SOEs hold the duty of delivering affordable and fair public services, generating jobs, encouraging investment, and creating multiplier effects for the broader economy. Their input to the state budget via taxes, dividends, and profit transfers is extremely substantial, with dividends playing a crucial role in funding national development. SOEs like Pertamina, PLN, and Telkom are vital for maintaining energy security, electricity distribution, and digital connectivity, while financial entities such as Bank Mandiri and BRI enhance credit access and support micro, small, and medium enterprises.

Concurrently, SOEs function as economic stabilizers amid global and domestic disruptions by ensuring the availability and affordability of vital products, as demonstrated by Pertamina's actions during energy crises and Perum Bulog's contribution to food security. Investments in infrastructure, such as toll roads, ports, and airports by construction SOEs like Hutama Karya and Wijaya Karya, enhance regional equity, boost competitiveness, and create opportunities for private sector participation. In the end, SOEs serve a dual role as commercial organizations and implementers of government directives,

fortifying control over vital resources while acting as foundations for sustainable economic development, fair social welfare, and national strength amid global competition.³

The existing circumstances indicate that BUMN's performance continues to be closely monitored by the public. Financial statements from various BUMN show a notable gap between firms that make considerable contributions to government revenue and those that persist in incurring losses. Programs for restructuring through consolidation, the creation of holdings, and privatization have been enacted to boost competitiveness. Nonetheless, the privatization process has ignited discussions about the possible decline of state authority over critical sectors that directly influence public interests. Political involvement in the selection of directors and commissioners frequently compromises managerial autonomy, leading to business choices that are not solely grounded in professional judgement. Cases of corruption among BUMN officials intensify issues concerning governance and accountability.

These circumstances suggest that the current legal framework has not completely ensured the fulfillment of BUMN goals as required by the Constitution. The varying performance of BUMN brings worries regarding the efficiency of state-owned

³ Adika Reyhan Daffa, Eliada Herwiyanti, *Tinjauan Literatur Prinsip Good Corporate Governance (GCG) Pada Badan Usaha Milik Negara Indonesia*, Jurnal Economics and Digital Business Review, Vol. 4, issue 1, 2023, h. 220.

corporate governance, highlighted by financial challenges in various strategic BUMN that impact the government's capacity to fund development initiatives. Relying on state capital infusions to compensate for losses further strains the national budget. The oversight mechanisms implemented by the Ministry of BUMN, the Audit Board of Indonesia, and the House of Representatives have not completely succeeded in stopping irregularities. This phenomenon prompts essential inquiries about how well the existing legal framework can guarantee effective, responsible, and sustainable governance. Consequently, there is an urgent requirement for creative and flexible management frameworks that address modern issues while protecting national interests.

Singapore provides an alternative framework via Government-Linked Companies (GLCs), which function using a market-oriented corporate strategy. GLCs are possessed or governed by the state via Temasek Holdings, a state-owned investment organization. Temasek Holdings operates as a strategic investor overseeing a corporate portfolio with professionalism and independence, distinct from the government's financial interests. This framework guarantees managerial autonomy and reduces political influence in business choices. GLCs function in multiple critical sectors like transportation,

telecom, and finance, while still being governed by stringent market competition regulations.⁴

The financial results of GLCs reliably produce dividends for the government and play a major role in Singapore's economic development. This achievement has established GLCs as a global benchmark for the governance of state-owned enterprises. A comparison of Indonesia's BUMN and Singapore's GLCs reveals significant differences in their governance practices and legal frameworks. Indonesia oversees BUMN under a particular law that integrates public service roles and business activities into one organization, while Singapore clearly differentiates state ownership from governmental roles. This variation in focus affects responsibility, managerial adaptability, and competitiveness in the worldwide market. Although Indonesia's BUMN frequently encounter political and bureaucratic challenges, GLCs have more freedom in implementing their business strategies. These differences lead to discussions about which model is more effective in fulfilling state goals while also enhancing economic efficiency.

The primary issue stems from the conflicting interests between BUMN's dual function as providers of public services and as profit-driven organizations. When SOEs are forced to seek

⁴ James S. Ang, *Corporate Governance and Valuation of GLCs in Singapore*, The AMEU Undergraduate Journal of Economics, Vol. 1, Issue 1, 2025, h. 4.

profits, their roles in public service are frequently overlooked; on the other hand, when they emphasize public service too much, their financial performance can decline, resulting in the necessity for state funding injections. Ineffective enforcement of sound corporate governance principles worsens this problem by providing chances for misuse of power, conflicts of interest, and corruption. The absence of thorough regulations regarding transparency and accountability creates legal ambiguity for investors, creditors, and the general public.

These issues have considerable consequences for the national economy: inefficiency in BUMN results in the squandering of state resources and diminishes overall competitiveness. Corruption cases related to BUMN undermine public confidence in governmental institutions and promote adverse views about the administration of national resources. Financial losses from inadequate management reduce the government's ability to fund infrastructure, education, and healthcare, while also harming the investment environment, as investors seek legal certainty and good governance prior to investing. If not dealt with, these problems may transform BUMN into financial liabilities that impede sustained economic progress.⁵

In comparison, the GLCs model demonstrates that professional, market-based governance can yield sound corporate

⁵ Dwi Candra Putra, *Peran Pemerintah dan Swata Dalam Perekonomian*, Jurnal Cendikia Ilmiah, Vol. 1, No. 6, 2022, h. 806-807.

In contrast, the GLCs model shows that professional, market-oriented governance can produce strong corporate performance while also providing advantages to the government. Singapore's achievement in handling GLCs demonstrates that distinguishing the state's function as an owner from its function as a regulator improves efficiency and accountability. This class is vital for Indonesia in its effort to enhance the function of BUMN. A comparative legal examination of both models is essential to determine the most appropriate regulatory framework for fulfilling constitutional goals. A greater comprehension of these legal differences will allow policymakers to create regulations that enhance the competitiveness of BUMN without compromising their social roles.

B. Discussion

a) Differences in the Management Systems of State-Owned Enterprises (BUMN) and Government-Linked Companies (GLCs) from the Perspective of Corporate Governance within the Framework of Economic Law

The management framework of BUMN in Indonesia is founded on constitutional regulations as outlined in Article 33 of the 1945 Constitution of the Republic of Indonesia. Article 33 section (2) conveys that essential business sectors that significantly impact the national economy and the welfare of the populace need to remain under government oversight. The Constitutional Court, via Decision Number 001-021-022/PUU-I/2003, defined state control to include the regulation, management, and oversight of these resources. In this

context, Law No. 19 of 2003 served as the main legal basis for the governance and oversight of BUMN. Article 1 point 1 of Law No. 19/2003 defines BUMN as enterprises where all or most of the capital is owned by the state via direct investment from segregated state assets.

This provision states that BUMN are legal corporate entities but have unique features due to their capital coming from state assets distinct from the state budget (APBN). This separation indicates that resources designated for BUMN are no longer overseen within the yearly state budget but transform into corporate capital governed by company law principles. This feature gives BUMN the ability to engage in business operations akin to private firms, while remaining committed to upholding state policies and offering maximum advantages to the public. This establishes a dual role for BUMN, functioning both as profit-driven business entities and as state tools in managing the national economy..⁶

The management of BUMN within the national legal structure aims to accomplish two main goals: making profits (Profit Oriented) and delivering public good (Public Service Obligation). Article 2 of Law No. 19/2003 highlights the objectives for creating BUMN

⁶ Firwanda Sandi Pradipta, Ermania Widjajanti, *Pembaharuan Hukum Pidana Korupsi Dalam Pengelolaan BUMN Pasca Revisi UU No 1 Tahun 2025*, Jurnal Locus, Vol. 4, issue 2, 2025, h. 83.

are meant to aid in the growth of the national economy and government income, to seek profit, to offer public advantage through supplying quality goods and services crucial for the people's survival, to lead in business ventures not currently explored by the private sector, and to proactively support and guide underprivileged entrepreneurs, cooperatives, and communities. These regulations show that BUMN have a dual purpose that private companies do not have. Pengelolaan BUMN diperdalam melalui organ korporasi yang terdiri dari Rapat Umum Pemegang Saham (RUPS), Dewan Komisaris, dan Dewan Direksi. Nonetheless, since the primary shareholder is the government, the Ministry of BUMN is crucial in shaping the corporate policy trajectory.

In Singapore, the management of state-owned enterprises is executed via Government-Linked Companies (GLCs), which offers a distinct approach in comparison to BUMN in Indonesia. GLCs are firms owned or managed by the government via Temasek Holdings, a state-owned investment firm founded in 1974. Temasek functions as a commercial organization independent of the government, despite the state having complete ownership. The management of GLCs adheres to contemporary corporate standards that highlight professionalism, transparency, and responsibility. As an investor, Temasek

does not engage in everyday operational management but operates solely at the strategic level as an investor.

This system establishes a distinct division between the ownership role of the state and its regulatory role, thus avoiding conflicts of interest. GLCs are governed by the overarching corporate legal structure in Singapore, specifically the Companies Act (Cap. 50), that governs the formation of companies, administration, responsibilities of directors, protection of shareholders, and overall corporate governance. GLCs traded on the stock exchange are required to adhere to the Securities and Futures Act (SFA), which acts as the legal structure for capital markets, in addition to regulations monitored by the Monetary Authority of Singapore (MAS). MAS serves as the main regulator of the financial and capital markets, which entails issuing Capital Markets Services Licenses (CMSL), overseeing reporting duties, establishing corporate governance benchmarks via the Code of Corporate Governance, and monitoring the transparency and disclosure requirements for issuers on the Singapore Exchange (SGX). The standards for financial reporting, disclosure of significant information, and adherence to SGX Listing Rules guarantee that GLCs function in a responsible and professional way. This regulatory framework establishes a governance setting driven by the market, in which GLCs must comply with

the same performance criteria as private firms. The Singaporean government, as a shareholder via Temasek Holdings, refrains from interfering in everyday business decisions, allowing boards of directors the autonomy to establish corporate strategies grounded in commercial principles. The "Comply or Explain" principle in the Code of Corporate Governance requires GLCs to offer transparent justifications when specific governance requirements are not fulfilled, thus improving public accountability. Stringent regulations and MAS oversight hinder favoritism or exploitation of dominant market positions that might distort fair competition

This legal framework fosters effective resource distribution as highlighted by Richard Posner's economic examination of law, given that GLCs are required to compete fairly, transparently, and efficiently to uphold market confidence while providing maximum benefits to the state as its shareholder. The Singaporean approach corresponds with Posner's perspective that the primary objective of a legal system is efficiency. Posner defines efficiency as the optimization of social welfare through the allocation of resources to their most effective applications. This principle serves as a crucial standard for evaluating the legal structure regulating GLCs, which has already operated effectively. When the legal structure promotes prompt, clear, and logical decision-making, public resources produce

optimal societal advantages. On the other hand, rules that generate excessive bureaucracy and hinder corporate responses diminish the possible social value created..⁷

A comparison of BUMN in Indonesia and GLCs in Singapore shows significant differences in governance focus. BUMN possess a built-in public service obligation, undertaking government tasks to execute certain programs even when they are not financially viable.

These tasks are governed by the Minister of BUMN Regulation No. PER-05/MBU/04/2021 regarding BUMN's Social and Environmental Responsibility Programs mandates that firms set aside a portion of their profits for social projects. In contrast, GLCs function entirely with a commercial focus and have no direct obligations for public service. The Singaporean government employs subsidies or other fiscal measures when needed to safeguard public interests, avoiding impositions on GLCs with social responsibilities that might jeopardize financial performance. This method aligns better with Posner's principle of economic efficiency as it differentiates social goals from business operations, enabling firms to concentrate on enhancing performance.

⁷ Luciano Bohn and Ding Jun Toh, *Corporate Governance in Capital Markets Singapore*, (New York: Springer, 2025), h. 29

Corporate governance varies in aspects of transparency and accountability as well. The financial disclosures of BUMN in Indonesia frequently lack both timeliness and completeness, hindering public scrutiny, despite Article 66 of Law No. 40 of 2007 regarding Limited Liability Companies (hereafter UU 40/2007) mandating the delivery of annual reports with financial statements. In reality, there are ongoing delays and continued non-adherence to accounting standards. In contrast, GLCs utilize International Financial Reporting Standards (IFRS) and, being publicly traded, must adhere to stringent disclosure regulations. This openness boosts investor trust and upholds management accountability. From the viewpoint of economic law, adequate information disclosure permits markets to convey precise signals regarding company performance, facilitating more effective capital allocation.

According to Posner's theory, these variations in governance systems influence the effectiveness of resource distribution. BUMN, encumbered by public service responsibilities, frequently fall short because funds intended for business growth are redirected to meet governmental requirements. This situation generates deadweight loss for the economy by lowering possible output. Conversely, GLCs, due to their greater independence, can enhance profits and direct investments to areas with the greatest yields, thereby aiding

more effectively for economic growth. Posner believes that the law ought to reduce the social costs associated with economic activities, which aligns with the GLC model that restricts state intervention to a strategic level only.

Posner argues that law should reduce the social costs associated with economic actions, backing the GLC model that limits government involvement to the strategic level exclusively. Variations in governance structures also lead to consequences for worldwide competitiveness. BUMN, weighed down by red tape, find it difficult to compete with multinational firms that are nimble and responsive to market shifts. In contrast, GLCs, equipped with professional management frameworks and performance-linked compensation, adapt more swiftly to technological changes and consumer demands.

The robustness of this governance framework has placed numerous Singaporean GLCs like Singapore Airlines, DBS Bank, and Singtel as esteemed regional competitors. Certain Indonesian BUMN have made progress, such as by forming BUMN holdings to foster business synergies; however, they continue to encounter issues regarding coordination and regulatory overlap. Thus, regulatory alignment and administrative simplification are vital for BUMN to meet global governance benchmarks. This analysis shows that corporate governance serves a

crucial factor in shaping the effectiveness of government-owned companies.

The GLC model teaches that distinguishing ownership from regulatory roles can enforce market discipline while still protecting state interests. From an economic law standpoint, it is clear that legal structures that foster efficiency, transparency, and accountability result in improved corporate performance. On the other hand, overly strict legal frameworks and excessive political interference diminish social well-being. Therefore, the contrast between the governance of BUMN and GLCs is particularly pertinent as a means of assessing and enhancing the national legal infrastructure to attain contemporary, effective, and internationally compatible corporate governance.

b) The Role of the State as Shareholder and Regulator in Influencing Managerial Independence and Corporate Performance in Indonesia's State-Owned Enterprises (BUMN) and Singapore's Government-Linked Companies (GLCs)

The State, being the primary stakeholder of BUMN in Indonesia, possesses considerable legal power in defining corporate frameworks, establishing strategic policies, and monitoring activities. Article 14 of Law No. 19/2003 empowers the Minister of BUMN to act as the representative of the shareholder, allowing them to

hire and remove members of the board of directors and commissioners. This authority encompasses the endorsement of high-level executive candidates, the selection procedure, and the establishment of qualification standards. Article 92(1) of Law No. 40/2007 states that the company's board of directors is responsible for managing the company in accordance with its purposes and objectives while prioritizing its interests. Article 97(2) highlights that directors are required to carry out their responsibilities with good faith and complete accountability. The clarification of these provisions indicates that the duty of good faith demands each board member to behave judiciously, professionally, and to steer clear of possible conflicts of interest that could be detrimental to the company.

Article 108(1) states that the board of commissioners is responsible for general and/or specific oversight per the articles of association and also offers guidance to the directors. Article 114(3) stipulates that each commissioner is required to carry out supervisory responsibilities honestly, cautiously, and responsibly, prioritizing the company's interests and aligning with its aims and goals. Article 114 emphasizes that oversight by commissioners must be substantive rather than just procedural, focusing on preventing power abuses and decisions detrimental to shareholders and the company's broader interests. These clauses consistently embody the concept of Fiduciary Duty, which is the legal requirement that mandates a company

managers to prioritize company interests over individual interests and to be responsible for management choices that result in losses.⁸

The Fit and Proper Test for candidates of directors and commissioners of BUMN is specifically outlined in Minister of BUMN Regulation No. PER-03/MBU/03/2023 regarding BUMN Governance Guidelines (Good Corporate Governance) and Minister of BUMN Regulation No. PER-10/MBU/10/2020 regarding the Criteria, Processes for Appointing and Terminating Members of the Board of Directors and Board of Commissioners/Supervisory Board of State-Owned Enterprises (BUMN). These rules require that all candidates go through multiple selection phases, which encompass evaluations of skills, honesty, past performance, and adherence to legal requirements. The Fit and Proper Test is performed transparently and impartially, with an evaluation team selected by the Ministry of BUMN, and its outcomes are the foundation for the Minister's decisions regarding appointments. The regulatory structure highlights the necessity of careful selection to guarantee professionalism in overseeing BUMN and to reduce the risks of political influence and conflicts of interest

⁸ Tb. Boy B. Ariffin, Rendy Renaldy, *Meningkatkan Peranan Perusahaan Bumn Yang Sudah Go Publik Dalam Mengoptimalkan Pengelolaan Bisnis Berbasis Budaya Dan Kepastian Hukum*, Jurnal Penelitian Hukum, Vol. 2, No. 1, 2023, h. 40.

intervention that might impair corporate performance. These regulations reinforce the State's role not just as a shareholder but also as a strategic governance overseer by appointing management individuals considered competent to meet corporate goals in accordance with Good Corporate Governance standards. Regulation PER-03/MBU/03/2023 by the Minister of BUMN additionally outlines selection processes, management agreements, and managerial duties, along with the performance objectives that must be achieved. The General Meeting of Shareholders (RUPS), serving as the top corporate entity, enables the State, as the principal shareholder, to steer strategic choices via RUPS resolutions.

Regulators or governmental institutions also hold an essential position as supervisors of public policy and sectoral regulators influencing BUMN activities. These encompass the Ministry of BUMN, related sectoral ministries, the Ministry of Energy and Mineral Resources, the Ministry of Transportation, and the Ministry of Public Works, which possess the authority to establish tariffs, environmental regulations, infrastructure distribution policies, and obligations for public service. Regulations from the government and ministries concerning quotas, subsidies, and obligations for public services frequently force BUMN to make choices that might conflict with market principles or business objectives. This is clear in public services lacking sufficient subsidies, which can greatly impact a company's cash flow.

The management of BUMN faces limitations due to the State's dual function as both owner and regulator. The State retains ownership of shares while also enacting mandatory regulations for BUMN. Internal guidelines and public policies frequently converge, as demonstrated by the requirement to apply government strategies for regional development, job creation, or stabilizing prices of necessary goods. Decisions made by managers concerning investments or business diversification may necessitate approval from the Minister of BUMN or other pertinent ministries, which can postpone strategic reactions to business opportunities. Management frequently encounters demands to meet social responsibilities or public mandates that could strain the company's financial resources.

The State's involvement in dividend policy also affects corporate performance. Law No. 19/2003 mandates that the net profit of BUMN, especially those structured as Persero, after reserve deductions, must be allocated to shareholders as dividends or noted as retained earnings, according to Article 13(1). The total dividends owed to the State as a shareholder are set each year during the General Meeting of Shareholders (RUPS), as stated in Article. 13(2). This mechanism illustrates that determining dividends is not just an internal corporate issue but also a strategic choice that involves the State as the owner of capital. In application, the

The total dividends distributed by BUMN is frequently affected by government fiscal policy.⁹

Political considerations or state budget (APBN) requirements may lead the government to establish a high dividend payout ratio, especially when extra funds are necessary to support national priority initiatives. Nevertheless, overly generous dividend policies might hinder BUMN's capacity to reinvest and grow its business activities. As a result, the ability of BUMN to improve competitiveness and support sustained economic growth is restricted. On the other hand, the government occasionally allows BUMN to postpone or lessen dividend payments when they encounter financial challenges, like operational losses or the necessity to fund strategic initiatives. These approvals are granted via RUPS, acting as the official platform for interaction between the government as a shareholder and the management of BUMN, thus upholding the principle of accountability.

These regulations effectively balance the State's goal of securing revenue with the corporation's necessity to maintain performance and ensure business continuity. The performance of BUMN differs among various entities. Several state-owned enterprises, such as BRI, Bank Mandiri, and PT Mineral Industri Indonesia, consistently generate profits and distribute dividends.

⁹ Siska Windu Natalia, Henry Darmawan Hutagaol, *Menyoal Tanggung Jawab Negara Dalam Kepailitan Bumn-Persero*, Jurnal Supremasi, Vol. 14, No. 2, 2024, h. 20.

while some experience extended losses and rely on State Capital Injection (PMN). The utilization of PMN as a financial bailout tool shows that financial and managerial autonomy is compromised when the State, acting as a shareholder, is required to infuse capital. This situation indicates that performance is affected not just by market conditions but also by the robustness of regulatory frameworks that allow management to operate effectively.

In the Singaporean GLC system, the State's role as a shareholder is relatively more concentrated, yet the exercise of State authority is more organized to avoid disrupting operational management. Temasek Holdings serves as the State's investor with a commercial focus and a mandate for long-term investments. Singapore's legal and regulatory framework designates Temasek as a strategic shareholder rather than a sector regulator. Sector regulators and the capital market regulator, specifically the Monetary Authority of Singapore (MAS), oversee capital market regulations, disclosure obligations, SGX listing rules, and financial regulations, regarding GLCs as public companies or listed public entities when they fulfill such criteria.

The structure of GLCs, which distinctively separates ownership (by Temasek) from regulatory duties (by MAS and other authorities), allows GLCs management the flexibility to address business challenges and market competition

without undue political interference. The appointment of directors and commissioners in GLCs relies on professional credentials and business achievements instead of solely political factors. The SGX listing rules and the Corporate Governance Code require transparency in both financial and non-financial reports, disclosure of compensation, adherence to external audits, and safeguarding of minority shareholders' interests.

The State's impact on the managerial autonomy of Singapore's GLCs arises from regulatory methods of oversight and licensing (permissive). MAS establishes licensing criteria for GLCs when engaging in specific activities, including the obligation to reveal significant information pertinent to investors and the public. Regulations in the capital market set by SGX mandate that GLCs must secure public consent for significant corporate activities, including mergers, acquisitions, or issuing new shares. Furthermore, GLCs are required to perform audits and financial reporting per established international standards, thereby improving management's credibility, transparency, and accountability. These regulatory systems allow GLCs to function effectively and professionally while guaranteeing that

public interests and the interests of the State shareholder persist secured.¹⁰

A clear contrast emerges regarding the State's impact on strategic and operational choices. GLCs overseen by Temasek can engage in restructuring, investments, or business growth according to market assessments and long-term objectives, while BUMN needs to modify approaches to comply with government policies and evolving fiscal/political priorities. Regional development strategies, governmental infrastructure initiatives, public funding, or social programs can occasionally lead to the allocation of resources that are not economically ideal.

Management contracts act as a means influencing managerial autonomy. BUMN in Indonesia use management contracts that establish performance goals and social responsibilities; however, these contracts may be affected by public stakeholder involvement during instances of political or financial stress. In contrast, GLCs utilize investment contracts and policies that are more adaptable to market fluctuations and are less often influenced by political pressures in their operations. Audit and transparency systems are essential for preserving independence and enhancing corporate effectiveness.

¹⁰ David S. Jones, *Infrastructure management in Singapore: privatization and government control*, Asian Education and Development Studies, Vol. 4, Issue 3, 2015, h. 301.

Implemented, yet public scrutiny and regulatory evaluations occasionally encounter obstacles in data accessibility and public disclosures. Singaporean GLCs perform independent external audits and maintain regular public reporting via annual reports, portfolio assessments, and the disclosure of significant risks.

The release of financial and non-financial reports allows investors and other stakeholders to objectively evaluate corporate performance. The impact of the State's involvement on corporate governance and effectiveness is also apparent in actual instances. Although GLCs operate under a public mandate, they seldom get direct government involvement in everyday business choices. Temasek has shown that, as a capital owner, it establishes performance expectations and values investment outcomes while refraining from interfering in operational management. The legal and regulatory framework for transparency, audits, minority shareholder protection, and required public reporting in GLCs incentivizes management to achieve robust performance, as their reputation and access to public capital or institutional investors rely on this performance. In Indonesian state-owned enterprises, reputation and access to capital are also important. However, dependence on state funding means that market incentives from external investors and balanced public pressure do not always occur.

The establishment of equitable, performance-oriented termination policies for directors and commissioners in GLCs holds management responsible for business results. In Indonesia, despite the presence of legal regulations, terminations can often be influenced by non-performance elements like political shifts, government changes, or societal pressure, instead of unbiased performance standards. The explanation provided indicates that the State's role as both a shareholder and a regulator affects managerial independence and corporate performance in distinct ways between Indonesian BUMN and Singaporean GLCs. The variations exist in the degree of intervention, management selection processes, performance agreements, transparency, audits, and external oversight methods. Legal structures that distinctly divide ownership and regulatory roles, stringent listing and capital market rules, along with regular audits are crucial elements enabling GLCs to function autonomously and attain more stable outcomes.

C. Conclusion

To sum up, the comparative examination of Indonesia's State-Owned Enterprises (BUMN) and Singapore's Government-Linked Companies (GLCs) reveals key distinctions in governance that impact economic efficiency. BUMN, serving as both commercial enterprises and tools for public policy, frequently encounter

managerial limitations arising from political interference, budgetary factors, and developmental obligations, which may hinder the efficiency of resource distribution. In contrast, GLCs function independently under Temasek Holdings, with external supervision from MAS and capital market laws, allowing decision-making rooted in commercial principles, transparency, and accountability. The distinction between ownership and regulatory roles, backed by well-defined legal structures and global reporting standards, enables GLCs to attain efficient resource allocation and ongoing competitiveness. According to Richard Posner's economic analysis of law, efficiency arises when legal frameworks encourage rational decision-making with minimal bureaucracy, positioning the GLC model as a crucial standard for reforming BUMN governance to enhance efficiency, transparency, and global competitiveness.

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