

**IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE  
TO SECURE ASSETS IN STATE-OWNED PALM OIL  
PLANTATION COMPANIES AND PRIVATELY-OWNED  
COMPANIES IN INDONESIA**

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**ABSTRACT**

Fact findings in the field regarding the Implementation of Good Corporate Governance to Secure Assets in State-Owned Palm Oil Plantation Companies and Privately-Owned Companies in Indonesia, especially Palm Oil Plantations which have State-owned status (Red Flat), all of this must be secured for continuity and sustainability. company business. Securing these assets must start from the smallest. An example in this research is the security of oil palm Fresh Fruit Bunches (FFB) which are often stolen, both by palm oil ninjas and palm oil mafias. Various modes of crime have emerged, such as theft of oil palm fresh fruit bunches, land use rights without rights and against the law and other plantation crimes.

This research is normative legal research that is descriptive analysis. The data used are secondary data and empirical data. Secondary data was collected using library study techniques and document study data collection tools. Meanwhile, secondary data was collected using field research techniques and data collection tools in the form of interviews using the in-depth interview method. Next, it is analyzed using qualitative analysis methods.

The research results show that the implementation of Good Corporate Governance To Secure Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia is by the orders of the State-Owned Enterprises (BUMN) Law and BUMN Ministerial Regulation No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in BUMN; The application of GCG principles in an integrated security system has provided good results and there are obstacles to minimizing criminal acts of palm oil theft in state-owned and private companies, namely: there is the Republic of Indonesia Supreme Court Regulation No. 02 of 2012 concerning Adjustments to Limits for Minor Crimes which can exclude prosecution of perpetrators of theft whose evidence is less than Rp. 2.5 million; Palm oil theft is suspected to be carried out by unscrupulous company staff/employees who are dissatisfied with the

company's welfare; and there is a structured and systematic legal culture of evil conspiracy between these elements. Thus, good corporate governance is needed in the field of asset security to minimize the theft of fresh palm oil fruit bunches in plantations. Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia”.

**Keywords:** *Good Corporate Governance; Secure Assets, In State-Owned Palm Oil Plantation Companies and privately-owned Companies, In Indonesia.*

## INTRODUCTION

### A. Background

The development of the plantation sub-sector as part of the development of the agricultural sector and national development is an important potential in efforts to improve people's welfare. The strategic role of the plantation sub-sector in improving the national economy is illustrated by its contribution in various ways, one of which is as a contributor to Gross Domestic Product (GDP).

In 2018, the plantation sub-sector was the highest contributor to GDP. Apart from being a contributor to GDP, the plantation sub-sector also contributes to building the national economy with high investment value; contributes to balancing the national agricultural commodity trade balance; source of foreign exchange from export commodities; contributes to increasing state revenues from excise, export taxes and export duties; provision of food and industrial raw materials; absorbing labour; as well as providers of renewable biofuels and bioenergy<sup>1</sup>.

One of the plantation commodities that has an important role in the Indonesian economy is palm oil. Palm oil is an important plantation crop that produces food oil, industrial oil and biofuel (biodiesel). Palm oil has a positive influence on economic and social growth. As one of Indonesia's largest agricultural export commodities, palm oil has an important role as a source of large foreign exchange and tax revenues. In the production and industrial processing processes, oil palm plantations are also able to create opportunities and jobs, especially for rural communities, while improving community welfare.

The Central Statistics Agency noted that the contribution of the agricultural sector reached 12.40% of gross domestic product (GDP) based on

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<sup>1</sup> Indonesian Plantation Statistics for Palm Oil Commodities 2018-2020

current prices (ADHB). This figure decreased by 0.88% compared to the previous year (year-on-year/yoy)<sup>2</sup>.

This contribution is supported by several subsectors. The largest contribution came from plantation crops at 3.76% of GDP. Then followed by fisheries with a contribution of 2.58%; food crops 2.32%; livestock 1.52%; horticultural crops 1.44%; forestry 0.60%; agricultural and hunting services 0.18%.

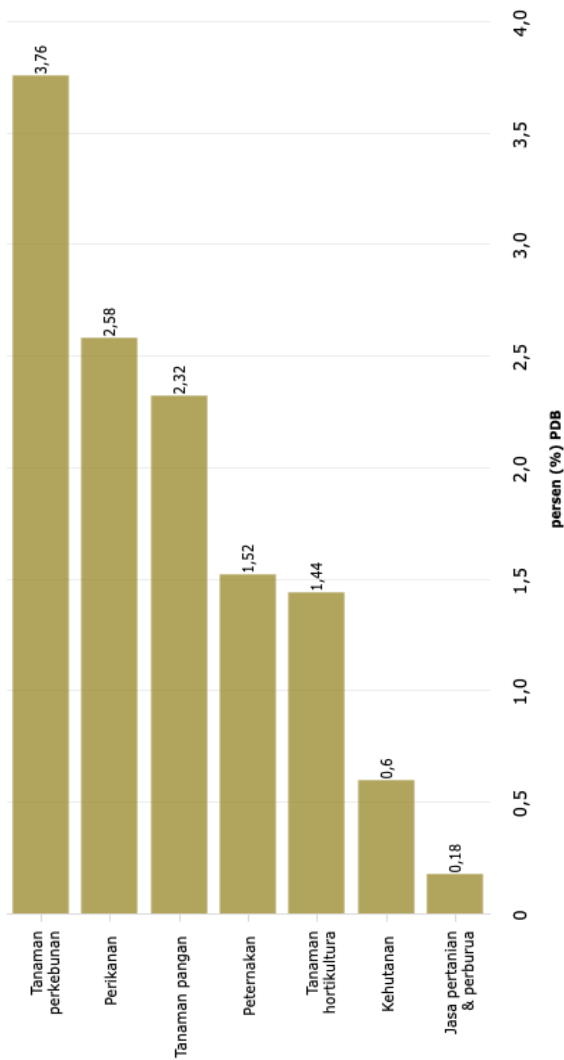
Cash Launching. co. id, Indonesian Center of Reform on Economics (Core) economist Eliza Mardian assessed that the agricultural sector often remains as a driver of Indonesia's economic growth, even in crisis conditions. Apart from contributing quite a large amount to GDP, this sector can also absorb a large number of workers, namely more than 27%.

Eliza believes that high and fluctuating food prices can indeed affect the rate of inflation and GDP in the agricultural sector. This is different if the increase in food prices occurs at the farmer level, it will increase the contribution of agriculture to economic growth.

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<sup>2</sup><https://databoks.katadata.co.id/profile/erlina-f-santika>, Agricultural Sector Contributes 12.4% of GDP, accessed on December 6, 2023, at 11.08 WIB.

Kontribusi Subsektor Pertanian Terhadap PDB Atas Dasar Harga Berlaku (2022)



Oil palm as a plant that produces palm oil and palm kernel is one of the favourite plantation crops which is a source of non-oil and gas foreign exchange for Indonesia. The bright prospects for palm oil commodities in the

world vegetable oil trade have encouraged the Indonesian government to encourage the development of oil palm plantation areas<sup>3</sup>.

World consumption of palm oil (CPO) from year to year continues to show an increasing trend. The growth in world demand for CPO in the last 5 (five) years has grown on average by 9.92%. Indonesia and Malaysia are the countries that absorb the most CPO in the world. Apart from that, European Union countries are also among the largest consumers of CPO in the world<sup>4</sup>.

As the world's largest exporter of CPO, the existence of Indonesian palm oil plantations must continue to be developed and expanded, especially Medan, Riau as the largest palm oil producer in Indonesia. To remain the largest exporter of CPO and be able to improve people's standard of living from palm oil plantations, it is necessary to expand until prosperity in this country can be achieved. So there is no need to have restrictions and be consumed by rumours that palm oil plantations are destroying the environment," (Director of PT Astra Agro Lestari, Joko Supriyono, 2012).

On the one hand, the need for alternative energy is increasing with the depletion of petroleum reserves. The fuel oil (BBM) crisis due to petroleum mining continues to play an important role in human life. The process of drilling and producing petroleum also contains risks for environmental sustainability. With the increasingly depleting condition of diesel oil reserves or Automotive Diesel Oil (ADO), one of the products of oil refineries is middle distillate fuel which is very important to meet energy needs, especially fuel oil (BBM) for fuel in the transportation sector. Apart from that, it is also known as industrial diesel oil (IDO), which is used as fuel in the industrial sector, including for power plants.

Alternative energy is really needed when there is a fuel oil (BBM) crisis, while currently, Indonesia is very dependent on petroleum. Research on alternative fuels has been carried out in many countries, such as Austria, Germany, France and the US. This country is developing biodiesel technology by utilizing different plants. Biodiesel in the United States is made from soybeans according to regional conditions. Germany uses oil from rapeseed plants, the US uses soybeans, while for Indonesia the most potential crop is

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<sup>3</sup> Masykur, "Development of the Palm Oil Industry as a Producer of Alternative Fuel Energy and Reducing Global Warming (Study in Riau as the Largest Palm Oil Producer in Indonesia)", *Journal of Reform* Vol. 3, (2), July-December (2013), p. 96-107.

<sup>4</sup> Anonymous. 2012. Biodiesel Without Government Subsidies. *Suara Merdeka* 8 January 2012

oil palm. In 2019 and 2020, the area of PR and PBS for palm oil is estimated to increase again from 2018 with a growth rate of around 2.3%. The area of oil palm plantations is expected to continue to increase due to the increasingly rapid development of the palm oil industry today and the world's need for vegetable oil which is quite large and increasing.

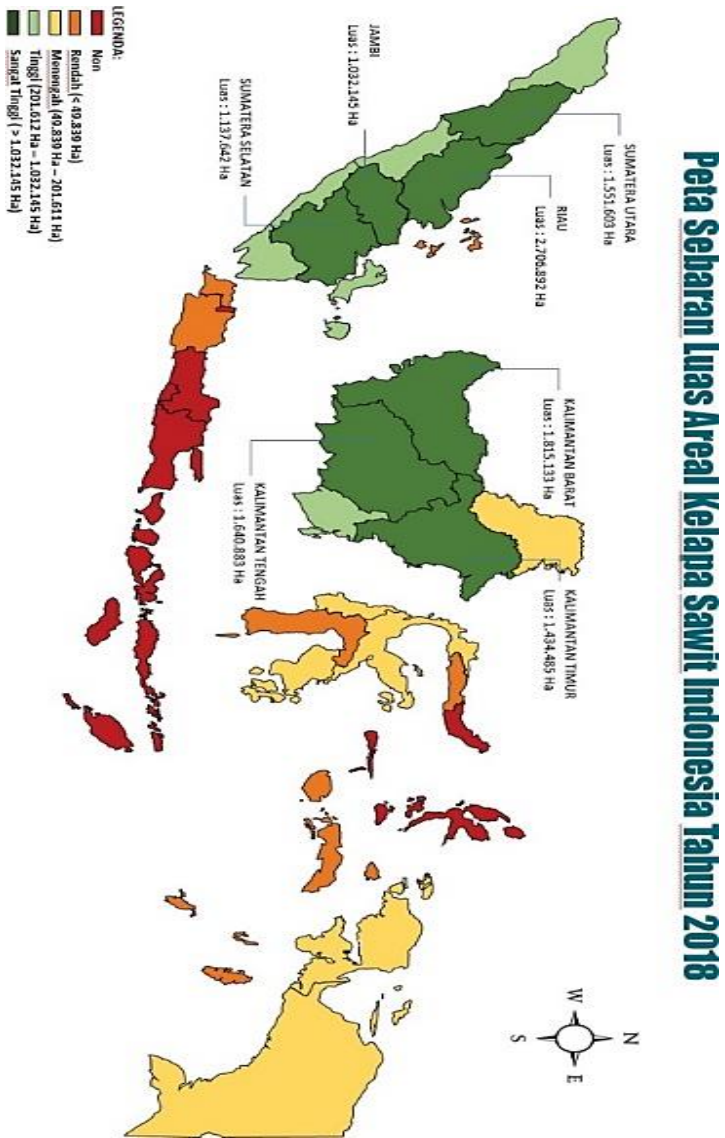


Figure 1. 1 Map of the Distribution of Oil Palm Areas in Indonesia in 2018

Oil palm plantations play an important role in the national economy and have great potential for national economic development in order to realize the prosperity and welfare of the people in an equitable manner. This

is in accordance with Article 33 of the 1945 Constitution of the Republic of Indonesia (1945 Constitution of the Republic of Indonesia). Fields that are closely related to the public interest, such as oil, natural gas, electricity, railways, and drinking water, are BUMN business segments. This is a logical consequence of the existence of Article 33 paragraph (2) and paragraph (3) of the 1945 Constitution of the Republic of Indonesia, namely: as an embodiment of the word "controlled" by the State contained in that article<sup>5</sup>.

Palm oil is still one of Indonesia's mainstay commodities and the largest foreign exchange earner. Based on data from the Indonesian Ministry of Agriculture, palm oil production (palm oil and palm kernel) in 2018 was 48.68 million tons, consisting of: 40.57 million tons of palm oil (Crude Palm Oil - CPO) and 8.11 million tons of palm kernel oil (Palm Kernel Oil - PKO). This amount of production came from: smallholder oil palm plantations amounting to 16.8 million tons (35%), large state plantations 2.49 million tons (5%), and large private plantations 29.39 million tons (60%)<sup>6</sup>.

Production data collected by the Directorate General of Plantations is for palm oil in the form of crude palm oil (CPO) production.

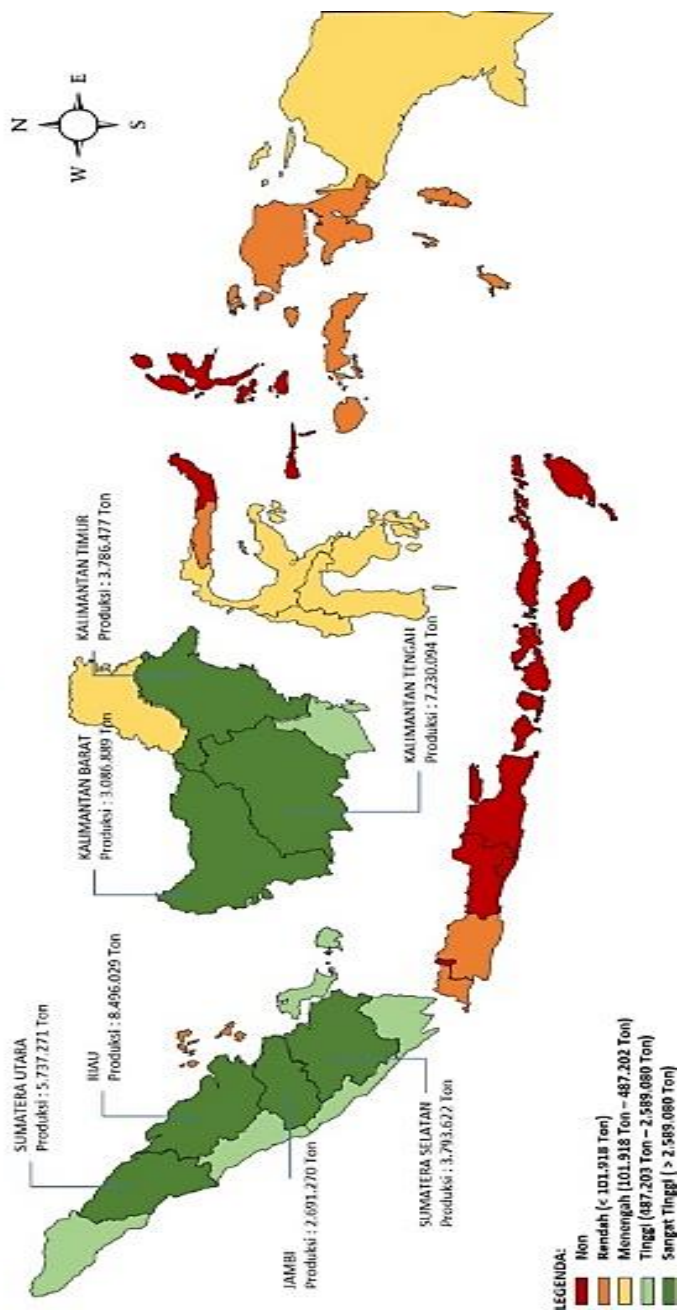
The potential for CPO production in Indonesia is very large if it is used as raw material for oil products for both food and non-food purposes. Increasing community needs have resulted in an increase in the amount of palm oil production in Indonesia from year to year. Since 1980, the development of palm oil production in the form of CPO in Indonesia has continued to increase with an average growth of 11.48% per year.

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<sup>5</sup> Ningrum Natasya Sirait, *Competition Law in Indonesia: Law no. 5/1999 Concerning the Prohibition of Monopolistic Practices and Unfair Business Competition*, (Medan: Pustaka Bangsa Press, 2004), p. 1-14.

<sup>6</sup> Data from the Indonesian Ministry of Agriculture (Kementan) as quoted by Imas Damayanti (Rep.) in the *Republika Daily*, "The Government Needs to Provide Incentives for Bulk Oil Production", published Monday, 07 October 2019. See also: Indonesia. co.id, "Developing the Palm Oil Industry Sustainable", <https://indonesia.go.id/narasi/indonesia-dalam-angka/economic/membangun-industri-sawit-berkebesaran.>, accessed Monday, 18 May 2020.

## Peta Sebaran Produksi Kelapa Sawit Indonesia Tahun 2018



## Figure 1. 2 Map of Distribution of Palm Oil Production in Indonesia in 2018

According to data from the Palm Oil Plantation Fund Management Agency, palm oil production in 2020 was still above the average annual production, even though last year various industrial sectors were hit by the COVID-19 pandemic. BPDPKS Main Director, Eddy Abdurachman, said, "Last year palm oil production reached 51.58 million tonnes, higher than the annual average of 37.57 million tonnes. Apart from that, in 2019, palm oil production still had a stock of 4.6 million tonnes."<sup>7</sup>

However, the Covid-19 pandemic has had an impact on exports of one of Indonesia's mainstay commodities. It was recorded that throughout last year, the actual export volume of palm oil only reached 34 million metric tons, down 9% compared to the previous year. However, the export value of palm oil commodities actually increased by 13.6% on an annual basis, to USD. 22.97 billion United States dollars, or the equivalent of Rp. 321.5 trillion (assuming an exchange rate of IDR 14,000 per US dollar) in 2020<sup>8</sup>.

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<sup>7</sup> Statement from the Main Director of BPDPKS, Eddy Abdurachman, in the Kompas Daily, "Thanks to Biodiesel, Pertamina No Longer Imports Diesel", published Wednesday, February 10 2021.

Rully R. Ramli, "Throughout 2020, Palm Oil Production Reached 51.58 Million Tons",

<sup>8</sup>Rully R. Ramli, "Throughout 2020, Palm Oil Production Reached 51.58 Million Tons",  
<https://money.kompas.com/read/2021/02/10/170000226/sepanjang-2020-produk-kelapa-sawit-reach-51-58-million-tons>., accessed Saturday, 13 mber 2021.

Table 1. 1 Palm Oil Production in Central Province 2018-2020

No.	Province	Production (Tons)			Average	Contribution %
		2018	2019*)	2020**)		
1	Riau	8.496.029	9.127.612	9.775.672	8.540.182	21,47
2	Central Kalimantan	7.230.094	7.748.444	8.298.584	6.148.135	15,46
3	North Sumatra	5.737.271	6.163.771	6.601.399	5.466.467	13,74
4	South Sumatra	3.793.622	4.075.634	4.365.004	3.530.855	8,88
5	East Kalimantan	3.786.477	4.044.753	4.331.930	3.158.148	7,94
6	West Kalimantan	3.086.889	3.316.363	3.551.825	2.849.997	7,17
7	Jambi	2.691.270	2.891.336	3.096.621	2.293.202	5,77
8	South Kalimantan	1.464.227	1.556.612	1.667.132	1.570.257	3,95
9	West Sumatra	1.248.269	1.298.038	1.390.199	1.224.856	3,08
10	Other	5.349.484	5.638.558	6.038.894	4.989.270	12,54
	TOTAL	42.883.632	45.861.121	49.117.260		100,00

Note: \*) Temporary Figures

\*\*\*) Estimated Figures

Source: Directorate General of Plantations, Indonesian Ministry of Agriculture 2015-2020.

Based on the table above, there has been oil palm growth of 19.65%. According to the Indonesian Palm Oil Entrepreneurs Association (GAPKI), 70% of palm oil production in 2018 was allocated to meet export needs and the remaining 30% for domestic consumption. The value of Indonesia's foreign exchange contribution from palm oil throughout 2018 reached USD. 20.54 billion or the equivalent of Rp. 289 trillion<sup>9</sup>.

Indonesia's CPO production increased from 31 million tons in 2015 to 42.9 million tons in 2018 or an increase of 11.8 million in the last 4 (four) years.

Figure 2.5 Average Production Contribution of Palm Oil Central Provinces in Indonesia 2015-2020

Based on Table 2, it can be seen that Riau Province is the province with the highest average CPO production in Indonesia, namely 8,540,182 tonnes or 21.47%, followed by the provinces of Central Kalimantan, North Sumatra, South Sumatra, East Kalimantan, West Kalimantan, Jambi. , South Kalimantan, and West Sumatra with a contribution of 15.46% each; 13.74%; 8.88%; 7.94%; 7.17%; 5.77%; 3.95% and 3.08%.

Oil palm plantations in Indonesia are entirely controlled and operated by corporations with the legal entity Limited Liability Company (PT). A good company is a company that guarantees the welfare of its employees. On the other hand, good employees must also have a high sense of belonging and loyalty to the company where they work<sup>10</sup>. This concept of mutual need and belonging is called "mutualistic symbiosis"<sup>11</sup>.

In the context of a State-owned enterprises (BUMN) with a Corporate legal entity, a good State-owned enterprises is a that can contribute to (Implementation Of Good Corporate Governance To Secure Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia) stakeholders to ensure the realization of general welfare. According to Andrew L. Friedman and Samantha Miles, they state that: "The

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<sup>9</sup> Official Website of the Indonesian Palm Oil Entrepreneurs Association (Gapki), "Breaking Records: 2017 Palm Oil Exports Reach USD. 22.9 Billion", <https://gapki.id/news/4129/memecah-rekor-ekspor-minyak-sawit-2017-tembus-us-229-miliar.>, accessed Monday, 18 May 2020.

<sup>10</sup> According to Martin and Nichols in Wagiran, there are 3 (three) big pillars of commitment, including a) A sense of belonging to the organization; b) There is interest or enthusiasm for the job (a sense of excitement in the job); and c) There is confidence in management. See Wagiran, *Educational Research Methodology: Theory and Implementation*, (Sleman: Deepublish, 2019), p. 296.

<sup>11</sup> Vega O. Merpati, "Company Rights and Obligations towards Workers Who Work Beyond the Time Limit", *Lex et Societatis* Vol. II 8, Sep-Nov (2014). See also: Martono Anggusti, et.al., "Corporate Governance for Employee's Welfare", *International Journal of Social Science Studies* Vol. 3, (3), Redfame Publishing, May (2015), doi: 10.11114/ijsss.v3i3.805., p. 257-266.

most common groups of stakeholders to be considered are shareholders; customers; suppliers and distributors; employees; local communities". (Translation: "The most common stakeholder groups to consider are: shareholders; customers; suppliers and distributors; employees; and local communities")<sup>12</sup>.

Development of the palm oil industry as an option for utilizing new energy sources to replace petroleum whose reserves are increasingly depleting. Bio-diesel energy as a substitute for diesel oil. The main raw material for "bio-diesel" is crude palm oil, which is an environmentally friendly alternative energy, the price is very cheap, and the energy source can continue to be developed. Bio-diesel is predicted to be able to replace petroleum, which is expensive and increasingly scarce<sup>13</sup>.

The plantation sector is very important and has the potential to be developed in the agrarian sector, so plantations have an important role. Based on Article 3 of Law Number 39 of 2014 concerning Plantations (hereinafter referred to as the Plantation Law), it states that<sup>14</sup>:

"Plantations are organized with the aim of:

1. Increase people's income;
2. Increasing state revenues;
3. Increase State foreign exchange receipts;
4. Providing employment opportunities;
5. Increasing productivity, added value and competitiveness;
6. Fulfilling domestic consumption and industrial raw material needs;
7. Optimizing sustainable management of natural resources".

According to the opinion of Andrew L. Friedman and Samantha Miles,: "The most common groups of stakeholders to be considered are: shareholders; customers; suppliers and distributors; employees; local

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<sup>12</sup> Andrew L. Friedman and Samantha Miles, *Stakeholders Theory and Practice*, (UK: Oxford University Press, 2006), p. 13.

<sup>13</sup> According to Akhairuddin's research in Masykur, the use of biodiesel in several countries, such as Austria and Australia, has issued policies providing incentives. The Austrian and Australian governments have issued easy policies for building biodiesel factories so that entrepreneurs are interested in building this alternative fuel industry. Like Sweden, the price of bioethanol BE-85 (85% ethanol and 15% gasoline) is set to be 25% cheaper than conventional fuel. Indonesia can learn from Brazil for its use of biofuel, which is seriously developing biodiesel fuel technology. See: Akhairuddin in Masykur, *Op.cit.*, p. 96-107.

<sup>14</sup> Teguh Prasetyo, et al., *Plantation Law and Law*, (Bandung: Nusamedia, 2013), p. 57.

communities"<sup>15</sup>, then the stakeholders of BUMN Holding Perkebunan, consist of shareholders; customer; suppliers and distributors; employees; and the surrounding community. Including but not limited to Section Heads, Garden Unit Area Managers, Garden Unit Managers, and so on.

The instrument for BUMN Holding Plantations to contribute to stakeholders to ensure the realization of general welfare is the implementation of Good Corporate Governance (GCG). Apart from that, in implementing GCG it is also necessary to implement a Good Corporate Culture (GCC) because GCG and GCC have a very close relationship. It can be said that GCG is the visible side of the company, which can be seen from the main values formulated by the Indonesian GCG Forum regarding GCG, namely: TIARF (transparency; independence; accountability; responsibility; and fairness). Meanwhile, Good Corporate Culture is the inner side or value side of company management (value). In other words, GCC is the upstream part of GCG with its content focusing on the basic values of company management which are then passed down through the system<sup>16</sup>.

Good Corporate Culture is the "core" of a company organization. It can also be said to be the "spirit" or "soul" of an institution. More focused, GCC is the core of GCG. This is in accordance with Cartwright's opinion that corporate culture is "a powerful determinant of people's beliefs, attitudes, and behaviour". Good corporate culture is a determinant of good corporate governance. Formation and development of professional management, strong commitment to corporate social responsibility towards the environment, and enthusiasm for maintaining corporate excellence<sup>17</sup>.

### **Formulation of the problem**

Based on the background above, the problem formulation in this paper is: "Implementation Of Good Corporate Governance To Secure Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia"?

Data Collection Techniques using Online Data Search / Internet searching, browsing, surfing or downloading data, books, magazines, journals, theses, dissertations, online news, media, websites and sources from experts related to matters. matters relating to " Implementation Of Good Corporate Governance To Secure Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia".

### **Discussion**

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<sup>15</sup> Junaedi, A, Implementation of Good Corporate Governance (GCG) to Secure Company Assets, (DI Yogyakarta: Samudera Biru, 2020), p.4

<sup>16</sup> Andrew L. Friedman and Samantha Miles, Op.cit., p. 13.

<sup>17</sup> Ibid., p. 75.

Current changes in the world economy have a direct impact on the economic conditions of the Indonesian people. The people's purchasing power for the necessities of life is increasingly weakening, because the prices of the necessities of life are soaring, while the Indonesian people's income is not balanced with expenditure on the necessities of life, resulting in pressure for economic needs. This triggers social deviation. Social deviance that occurs in the midst of community life leads to criminal acts that violate the law. In reality, the presence of State-owned and Private Palm Oil Plantation Companies (BUMN) is not yet enjoyed by all communities. One of the influencing factors is the frequent theft of oil palm fresh fruit bunches (FFB) in state and private oil palm plantations.

In general, the factors that cause these acts of social deviance are<sup>18</sup>:

1. Economic factors are the main cause of social deviations in society, social problems that originate from economic factors are such as poverty and unemployment.
2. Sociological factors. Social problems that originate from sociological factors are problems involving population and other biological imperatives. The lack or disruption of these biological factors, such as increasing human age and the need to fulfil food needs, can push humans to acts of social deviance.
  - a. The necessity factor for eating. If a person feels that his desire to fulfil his need for food will be hampered, then human efforts will arise which will lead to social deviation to be able to fulfil his need for food, meaning that the need for food cannot be postponed.
  - b. The population factor concerns the uncontrolled increase in the number of people.<sup>19</sup>

Crime is a complex phenomenon that can be understood from various different angles. That is why in everyday life we can catch various comments about crime incidents that are different from each other<sup>20</sup>. According to Thomas Aquino (1226-1274) giving his opinion about the influence of poverty

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<sup>18</sup> Junaedi, A, Implementation of Good Corporate Governance (GCG) to Secure Company Assets, (DI Yogyakarta: Samudera Biru, 2020, p.6

<sup>19</sup> Jusmadi Sikumbang, Getting to Know Sociology and the Sociology of Law, (Medan: Pustaka Press, 2010), p. 160.

<sup>20</sup> Topo Santoso and Eva Achjani Zulfa, Criminology, Cet. 13th, (Jakarta: Rajawali Press, 2013), p. 1

on crime, rich people who live for pleasure and squander their wealth, if they once fall into poverty, easily become thieves<sup>21</sup>.

The victims of these crimes are the majority of society. Later the public will question the performance of the security apparatus, in this case, the police and security parties or Security Units (Satpam) in carrying out their duties to prevent criminal acts of theft, especially in the plantation sector. Actions to overcome crime are one of the objectives of the Integrated Criminal Justice System, namely a system in a society to overcome the problem of crime. Community efforts to overcome crime aim to ensure that crime remains within the limits of community tolerance<sup>22</sup>.

As initial data obtained from preliminary research, it is clear that the plantation crime mode is massive and organized. Regarding palm oil theft, many people think that it is often carried out by palm oil ninjas (a simple crime), but in reality theft by "palm oil ninjas" is only around 10% to 10%. only 15%. In reality, there is a palm oil mafia operating in plantations company which harbors up to 85% of the palm oil thieves. 90% (organized/serious crime). These palm oil mafias consist of holders, Youth Organizations (OKP), Non-Governmental Organizations (NGOs); RAMP; PKS without plantations; intellectual actors; financiers; drug dealers; unscrupulous employees; and backing. Weak security and law enforcement systems as well as lack of coordination with Law Enforcement Officials are the reasons for the theft and embezzlement of FFB<sup>23</sup>.

The criminal act of theft and embezzlement of palm oil FFB in one of the subsidiaries of Plantations company, namely the State and Private Palm Oil Plantation Companies, is massive and can be categorized as very critical (State of Civil Emergency). The theft and embezzlement of palm oil FFB can be compared to Stage IV cancer which has spread to every important organ. As for the estimated value of losses suffered by state-owned and private palm oil plantation companies, apart from that, the lack of law enforcement has resulted in a lack of deterrent effect on criminals due to the application of criminal sanctions in Law no. 39 of 2014 concerning Plantations is still minimal.

Based on the results of the findings in the field (field research), it was found that theft occurred within the plantation area. This is because plantations are a business sector that has many valuable assets, in addition to plantation commodities such as oil palm which are currently developing increasingly rapidly, while the people around the plantations do not feel the

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<sup>21</sup> Totok Sugiarto, *Introduction to Criminology*, (Surabaya: Jakad Media Publishing, 2017), p. 6.

<sup>22</sup> Mardjono Reksodiputro, *Criminology and the Criminal Justice System*, (Jakarta: Center for Justice Services and Legal Services, University of Indonesia, 1994), p. 140.

<sup>23</sup> Junaedi, A, *Implementation of Good Corporate Governance (GCG) for Securing Company Assets*, (DI Yogyakarta: Samudera Biru, 2020, pp.8-9.

welfare impact of the plantations that stand in the middle. public. This is a factor that attracts people to be able to own plantation assets through criminal means<sup>24</sup>.

In relation to this research, there are problems that must be resolved in state-owned and private oil palm plantation companies, namely: related to the theft of oil palm fresh fruit bunches (FFB) in each plantation. As is known, BUMN Holding Perkebunan operates in the oil palm plantation business. Currently, the oil palm plantation business owned by BUMN Holding Perkebunan is an extension of the state to improve the welfare of the community. Implementing Good Corporate Governance (GCG) as an instrument for BUMN Holding Perkebunan can prevent the theft of fresh palm oil fruit bunches which of course can be detrimental to the State's finances.

One of the breakthroughs Implementation Of Good Corporate Governance To Secure Assets In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies In Indonesia which should be implemented by BUMN Holding Plantations to secure assets to minimize theft of palm oil FFB is the application of technology, information and communication at In State-Owned Palm Oil Plantation Companies And Privately-Owned Companies Plantations.

This research is expected to be able to resolve these critical problems by implementing Good Corporate Governance (GCG) in state-owned and private palm oil plantation companies in the area of asset security, which is expected to at least reduce crimes of theft and embezzlement of palm oil FFB. The issue is Good Corporate Governance (GCG), which is how to secure assets to minimize theft of palm oil FFB at BUMN Holding Plantations; whether by implementing the plasma plantation program and the Community Development Partnership Program (PKBL) as a form of implementing Social and Environmental Responsibility (TJSL) or Corporate Social Responsibility (CSR) in the form of scholarships, construction of road facilities and infrastructure, places of worship, KUKM, these are as The order/mandate of Article 74 of the Limited Liability Company Law can secure assets belonging to BUMN Holding Plantations and minimize theft of palm oil FFB which has taken root in the field. Problems like this need to be researched.

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<sup>24</sup> Warman, Edi., "Judicial Analysis of the Crime of Theft of Plantation Assets PTPN II Kebun Tanjung Garbus-Pagar Merbau Lubuk Pakam in a Criminological Perspective", Mahupiki Journal Vol. 2 1, (2014).

Corporations that aim to ensure their survival by balancing the demands of stakeholders must be managed with Good Corporate Governance (GCG). This is because, according to the Forum for Corporate Governance in Indonesia (2001), GCG is a set of regulations that determine the relationship between management stakeholders, creditors, government, employees, and other internal and external stakeholders about their rights and obligations. them, or in other words the system that directs and controls the company<sup>25</sup>.

Good Corporate Governance is a healthy corporate governance procedure that has been introduced by the Indonesian government and the International Monetary Fund (IMF)<sup>26</sup>. According to The Indonesian Institute for Corporate Governance (IICG), Corporate Governance is a series of mechanisms that direct and control a company so that the company's operations are run according to the expectations of stakeholders<sup>27</sup>.

Corporate Governance is a series of structured processes used to manage and direct or lead business and corporate efforts to increase company values and business continuity. Good corporate governance is a structure, system and process used by company organs as an effort to add value to the company on a sustainable basis in the long term, while still paying attention to the interests of other stakeholders, based on morals, ethics, culture and other applicable rules.

The term good corporate governance emerged at the end of the 1980s when it was introduced by the Cadbury Committee in a report known as the Cadbury Report<sup>28</sup>. The word governance is defined as the activity or manner of governing, while the meaning of governance is having the power or right to govern.

Good corporate governance is defined as a company that has been managed properly and correctly and is based on the principles of fairness, accountability, responsibility, and transparency. With this principle, the long-term value of the company will increase without ignoring the interests of other stakeholders. Implementing the principles of good corporate

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<sup>25</sup> Forum for Corporate Governance in Indonesia. Corporate Governance Series Volume II, 2001.

<sup>26</sup> Fadillah Abdi Widodo, "The Role of the Corporate Governance Perception Index and Company Size on Company Financial Performance in the Survey Results of The Indonesian Institute for Corporate Governance (IICG) for the 2010-2012 Period", Accounting Study Program, Dian Nuswantoro University, Semarang,

<sup>27</sup> [http://eprints.dinus.ac.id/17096/1/jurnal\\_15420.pdf](http://eprints.dinus.ac.id/17096/1/jurnal_15420.pdf)., accessed on Saturday, 20 June 2020.

<sup>28</sup> Tan Kamello, in Sri Suyono, Legal Protection for Employees in Merger Plans Between (BUMN), Postgraduate Program, University of North Sumatra, Medan, 2003.

governance is an important step in building and restoring public trust in companies<sup>29</sup>.

According to the World Bank, good corporate governance is a collection of laws, regulations and rules that must be fulfilled which can encourage the performance of company resources to work efficiently, producing sustainable long-term economic value for shareholders and the surrounding community as a whole.

The following is the definition and meaning of good corporate governance from several literatures:

- 1) According to Tunggal (2013), good corporate governance is a system that regulates, manages and supervises the business control process to increase share value, as well as a form of attention to stakeholders, employees and the surrounding community<sup>30</sup>.
- 2) According to Agoes (2011), good corporate governance is a system that regulates the relationship between the roles of the Board of Commissioners, the roles of the Directors, shareholders and other stakeholders. Good corporate governance is also referred to as a transparent process for determining company goals, achieving them and assessing their performance<sup>31</sup>.
- 3) According to Kusmatuti (2008), good corporate governance is a governance system that is implemented by considering all factors that influence institutional processes, including factors related to regulators<sup>32</sup>.
- 4) According to Sutedi (2011), good corporate governance is a process and structure used by company organs (shareholders/capital owners, commissioners, supervisory board and directors) to increase business success and corporate accountability to realize shareholder value in the

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<sup>29</sup> Jonathan Crowter (ed), *Good Corporate Governance*. Oxford Advanced Learners Dictionary, (New York: Oxford University Press, 1995), p. 515.

<sup>30</sup> Bactiar Hassan Miraza, *Good Corporate Governance*" Paper presented at the Good Corporate Governance workshop, a collaboration between the Postgraduate Program of the University of North Sumatra, the Postgraduate Program of the University of Indonesia, the University of South Carolina, the Jakarta Stock Exchange and Bapepam, Medan, 2000.

<sup>31</sup> A. Wijaya Tunggal, *Internal Audit and Good Corporate Governance*, (Jakarta: Erlangga, 2013).

<sup>32</sup> Sukrisno Agoes, *Business and Professional Ethics*, (Jakarta: Salemba Empat, 2011).

long term while remaining consistent. pay attention to the interests of other stakeholders, based on statutory regulations and ethical values<sup>33</sup>.

According to the Decree of the Minister of State-Owned Enterprises No. KEP-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (BUMN), the term corporate governance is a process and structure used by BUMN organs to increase business success and corporate accountability, to realize shareholder value in the long term, while still paying attention to the interests of other stakeholders based on legal regulations and ethical values.

According to Bismar Nasution, the principles of good corporate governance are contained in Law No. 19 of 2003 concerning State-Owned Enterprises (BUMN Law). Article 36 paragraph (1) of the BUMN Law states that in carrying out its business, a public company must be based on the principles of healthy company management. This provision is also regulated in Article 5 paragraph (3) Jo. Article 6 paragraph (3) of the BUMN Law requires directors, commissioners and supervisory boards in carrying out their duties to implement the principles of professionalism, efficiency, transparency, independence, accountability, responsibility and fairness<sup>34</sup>.

For BUMN, the implementation of corporate governance principles is regulated in the Decree of the Minister of State for BUMN No. KEP.117/M-MBU/2002 with the following principles:

- 1) "Transparency, namely openness in carrying out the decision-making process and openness in presenting material and relevant information about the company.
- 2) Independence, namely a situation where the company is managed professionally without conflicts of interest and influence/pressure from any party that is not by applicable laws and regulations and healthy corporate principles.
- 3) Accountability, namely clarity of function, implementation and accountability of organs so that company management is carried out effectively;
- 4) Accountability, compliance in company management with applicable laws and regulations and healthy corporate principles;
- 5) Fairness, namely fairness and equality in fulfilling stakeholder rights arising based on agreements and applicable laws and regulations."

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<sup>33</sup> A. Dwi Kusumastuti, *The Influence of Good Corporate Governance on Company Performance in Manufacturing Companies Listed on the Indonesian Stock Exchange in 2011*, (Surakarta: Surakarta University, 2013).

<sup>34</sup> Bismar Nasution, "Towards an Effective and Efficient BUMN Management System", [https://bismarnasution.com/menuju-sistem-pengelolaan-bumn-yang-effeksi-dan-efficient/.](https://bismarnasution.com/menuju-sistem-pengelolaan-bumn-yang-effeksi-dan-efficient/), accessed on Sunday, May 24 2020.

The connection between stakeholder theory and this research is that the implementation of Good Corporate Governance (GCG) in BUMN Holding Plantations is not solely for the interests of the company owner (dhi. Negara), but for the public interest, namely all stakeholders, especially the community around the plantations. The palm oil belongs to the BUMN Holding Plantation.

### **Conceptual Framework**

The legal instrument that directs BUMN Holding Plantations and its subsidiaries (subsidiary companies) to be managed based on the principles of good corporate governance (Good Corporate Governance) means that BUMN Holding and BUMN subsidiaries must be managed by taking into account the interests of all stakeholders in a balanced manner. The effectiveness of implementing GCG in BUMN and BUMN subsidiaries is supported by legal substance, good corporate culture and a legal structure. Effective implementation of GCG will support the security of BUMN assets, especially BUMN Holding Plantations, including preventing criminal acts of theft, both by internal companies and external companies.

Furthermore, to avoid errors in understanding the meaning of the concepts used in this research, it is deemed necessary to provide operational definition boundaries as a conceptual framework, namely:

- a. State-owned enterprises (BUMN) are business entities whose capital is wholly or largely owned by the state through direct participation originating from separated state assets<sup>35</sup>.
- b. A company is a state-owned company in the form of a limited liability company whose capital is divided into shares, all or at least 51% (fifty-one per cent) of whose shares are owned by the Republic of Indonesia whose main objective is to pursue profits<sup>36</sup>.
- c. Subsidiary is a subsidiary of a BUMN whose shares are at least 90% owned by the BUMN.
- d. Corporate Governance is a process and structure used by BUMN organs to increase business success and company accountability to realize shareholder value in the long term while still paying attention to the interests of other stakeholders, based on statutory regulations and ethical values<sup>37</sup>.

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<sup>35</sup> Article 1 number 1 Law no. 19 of 2003 concerning BUMN

<sup>36</sup> Article 1 number 2 Law no. 19 of 2003 concerning BUMN

<sup>37</sup> Article 1 number 6 Regulation of the Minister of State for State-Owned Enterprises of the Republic of Indonesia No. PER-05/M-MBU/2008.

- e. The principles of Good Corporate Governance are the principles that underlie the corporate rules, norms or guidelines required in a healthy BUMN management system consisting of the principles of transparency, independence, accountability, accountability and fairness<sup>38</sup>.
- f. The assets in this research are State Property (BMN) because BUMN Persero is based on Constitutional Court Decision No. 48/PUU-XI/2013 and No. 62/PUU-XI/2013 is an extension of the state to contribute to national development and state revenues while pursuing profits whose management is based on company management principles by Law no. 40 of 2007 concerning Limited Liability Companies<sup>39</sup>, BUMN assets are state assets. Thus, if BUMN assets are state assets, then the definition of assets in the state context is State Property. State Property (BMN) is all goods purchased or obtained at the expense of the APBN or derived from other legitimate acquisitions<sup>40</sup>.
- g. Asset security is a process, method, or action that frees State Property (BMN) from danger, and disturbance (theft, pests, and so on)<sup>41</sup>. In the Republic of Indonesia Minister of Finance Regulation No. 78/PMK.06/2014 concerning Procedures for Implementing the Utilization of State Property, regulates procedures for securing BMN, namely:
  - 1) "Goods managers, goods users and/or goods users' proxies are obliged to safeguard state/regional goods under their control;
  - 2) Security of state/regional property includes administrative security, physical security and legal security;

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<sup>38</sup> Article 1 letter (a) Decree of the Minister of State for State-Owned Enterprises of the Republic of Indonesia No. KEP-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (BUMN).

<sup>39</sup> Article 3 Decree of the Minister of State for State-Owned Enterprises of the Republic of Indonesia No. KEP-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (BUMN).

<sup>40</sup> Legal facts in Constitutional Court Decision No. 48 and 62 / PUU-XI/2013 which in principle state that state assets separated into BUMN are included in the scope of state finances where by the provisions of Article 23C of the 1945 Constitution, the phrase "other matters concerning state finances are ordered to be regulated by law invite." See Decision of the Constitutional Court of the Republic of Indonesia no. 48/PUU-XI/2013 dated 18 September 2014 and the Decision of the Constitutional Court of the Republic of Indonesia No. 62/PUU-XI/2013 dated 03 February 2014.

<sup>41</sup> Article 1 number 10 Law no. 1 of 2004 concerning State Treasury. Official KBBi Online Website, "Security", <https://kbbi.web.id/aman.>, accessed on Tuesday, 08 October 2019.

- 3) State/regional property in the form of land must be certified in the name of the Government of the Republic of Indonesia/Regional Government concerned;
  - 4) State/regional property in the form of buildings must be accompanied by proof of ownership in the name of the Government of the Republic of Indonesia/Regional Government concerned;
  - 5) State-owned goods other than land and/or buildings must be accompanied by proof of ownership in the name of the user of the goods;
  - 6) Regional property other than land and/or buildings must be accompanied by proof of ownership in the name of the relevant Regional Government;
  - 7) Proof of ownership of state/regional property must be stored in an orderly and secure manner;
  - 8) Storage of proof of ownership of state property in the form of land and/or buildings is carried out by the property manager;
  - 9) Storage of proof of ownership of state property other than land and/or buildings is carried out by the property user/property of the property user;
  - 10) Storage of proof of ownership of regional property is carried out by the property manager."
- h. The crime of theft is regulated in Chapter XXII Articles 362 to. Article 367 of the Criminal Code. Regarding this criminal act of theft, there is one qualification in the form of aggravated theft, especially as regulated in Articles 363 and 365 of the Criminal Code. Theft is generally formulated in Article 362 of the Criminal Code which reads: "Anyone who takes something, wholly or partly belonging to another person, to possess it unlawfully, is threatened for theft with a maximum imprisonment of five years or a maximum fine of sixty rupiahs". About the crime of theft, in Indonesia the crime of theft is regulated in the Criminal Code, which is divided into 5 (five) types of theft: Ordinary theft (Article 362 of the Criminal Code); Aggravated theft (Article 363 of the Criminal Code); Petty theft (Article 364 of the Criminal Code); Theft with violence (Article 365 of the Criminal Code); Theft in the family (Article 367 of the Criminal Code).
- i. Criminal action based on article 78, article 111 of the Plantation Law Number 39 of 2014 for parties who hold plantation business results obtained from looting and/or theft, that: "Everyone is prohibited from

holding plantation business results obtained from looting and/ or theft."

This act of giving face carries the threat of criminal sanctions as regulated in Article 111 of the Plantation Law, which: "Any person who holds the proceeds of a Plantation Business obtained from looting and/ or theft as intended in Article 78 shall be punished with a maximum imprisonment of 7 (seven) years and a maximum fine of IDR 7,000,000,000 (seven billion rupiah)."

## CONCLUSION

Palm oil is still one of Indonesia's mainstay commodities and the largest foreign exchange earner. Based on data from the Indonesian Ministry of Agriculture, palm oil production (palm oil and palm kernel) in 2018 was 48.68 million tons, consisting of: 40.57 million tons of palm oil (Crude Palm Oil - CPO) and 8.11 million tons of palm kernel oil (Palm Kernel Oil - PKO). This amount of production came from: smallholder oil palm plantations amounting to 16.8 million tons (35%), large state plantations 2.49 million tons (5%), and large private plantations 29.39 million tons (60%)<sup>42</sup>.

Riau Province is the province with the highest average CPO production in Indonesia, namely 8,540,182 tonnes or 21.47%, followed by the provinces of Central Kalimantan, North Sumatra, South Sumatra, East Kalimantan, West Kalimantan, Jambi, South Kalimantan, and West Sumatra with a contribution of 15.46% each; 13.74%; 8.88%; 7.94%; 7.17%; 5.77%; 3.95% and 3.08%.

Good Corporate Governance is a healthy corporate governance procedure that has been introduced by the Indonesian government and the International Monetary Fund (IMF). According to The Indonesian Institute for Corporate Governance (IICG), Corporate Governance is a series of mechanisms that direct and control a company so that the company's operations are run according to the expectations of stakeholders.

The term good corporate governance emerged at the end of the 1980s when it was introduced by the Cadbury Committee in a report known as the Cadbury Report. The word governance is defined as the activity or manner of governing, while the meaning of governance is having the power or right to govern.

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<sup>42</sup> Data from the Indonesian Ministry of Agriculture (Kementan) as quoted by Imas Damayanti (Rep.) in the *Republika Daily*, "The Government Needs to Provide Incentives for Bulk Oil Production", published Monday, 07 October 2019. See also: Indonesia. co.id, "Developing the Palm Oil Industry Sustainable", <https://indonesia.go.id/narasi/indonesia-dalam-angka/economic/membangun-industri-sawit-berkebesaran.>, accessed Monday, 18 May 2020.

Good corporate governance is defined as a company that has been managed properly and correctly and is based on the principles of fairness, accountability, responsibility, and transparency. With this principle, the long-term value of the company will increase without ignoring the interests of other stakeholders. Implementing the principles of good corporate governance is an important step in building and restoring public trust in companies.

According to the World Bank, good corporate governance is a collection of laws, regulations and rules that must be fulfilled which can encourage the performance of company resources to work efficiently, producing sustainable long-term economic value for shareholders and the surrounding community as a whole.

For BUMN, the implementation of corporate governance principles is regulated in the Decree of the Minister of State for BUMN No. KEP.117/M-MBU/2002 with the following principles:

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Criminal action based on article 78, article 111 of the Plantation Law Number 39 of 2014 for parties who hold plantation business results obtained from looting and/or theft, that: "Everyone is prohibited from holding plantation business results obtained from looting and/ or theft."

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According to Martin and Nichols in Wagiran, there are 3 (three) big pillars of commitment, including a) A sense of belonging to the organization; b) There is interest or enthusiasm for the job (a sense of excitement in the job); and c) There is confidence in management. See Wagiran, *Educational Research Methodology*:

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Philip Lipton and Abraham Herzberg, *Understanding Company Law*, (Brisbane: The Law Book Company Ltd., 1992.

According to its origin, fiduciary comes from the Roman word "fides", which means trust. Fiduciary is a term that has long been known in Indonesian. Likewise, this term is used in Law No. 42 of 1999 concerning Fiduciary Guarantees. Article 1 number 1, "fiduciary" means the transfer of ownership rights to an object based on trust, provided that the object whose ownership rights are transferred remains in the control of the owner of the object.

A shareholder or stockholder is an individual or institution (including a corporation) that legally owns a share of stock in a public or private corporation. Shareholders are the owners of a limited company. They buy shares which represent part ownership of a company.

John Hasnas, *The Normative Theories of Business Ethics A Guide for Perplexed*, in Abe J. Zakem, Daniel E. Palmer, and Mary Lyn Stoll (ed.), *Stakeholder Theory*, (New York: Prometheus Books, 2008).

Compare Darwinism Theory, *The Survival of the Fittest – “Survival of the Fittest”* is a phrase that originated in evolutionary theory as an alternative way of describing the mechanism of natural selection.

John Elkington is a world authority on corporate responsibility and sustainable development.

Indonesia has begun implementing GCG principles since signing a Letter of Intent (L.O.I) with the IMF, one of the important parts of which is the inclusion of a schedule for improving the management of companies in Indonesia. In line with this, the National Committee for Corporate Governance Policy (KNKCG) believes that companies in Indonesia have a responsibility to implement GCG standards that have been implemented at the international level. See Asmaji Darmawi, *Anthology of Public Administration & Development: Festschrift for Sjamsiar Sjamsuddin, Cet. 1st*, (Malang: UB Press, 2016).

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