

Implementation of Local Corporate Partnerships Can Support Indonesia's Development in the Era of Globalization

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Abstract

Research background: This study aims to determine the application of the principle of partnership between Regional Companies and Regional Governments, to find out how the implementation of regional company partnerships in increasing Regional Original Income, and to determine the factors that contribute to the implementation of partnerships to increase Regional Original Income.

Purpose of the article: The importance of the role of local companies for local governments, where local companies play a role in encouraging the acceleration of local revenue. Regional companies also play a role in accelerating the growth of the business and investment climate. In the regions, regional companies play a role in encouraging the socio-economic climate and regional business actors as well as BUMDes, namely Regional Owned Enterprises, by partnering and opening distribution and marketing channels for MSME products.

Methods: This type of research uses qualitative research. Data collection techniques were carried out by observation, interviews, and documentation. Data validation techniques and data analysis techniques used consisted of data condensation, data presentation and conclusion drawing.

Findings & Value added: Meanwhile, the existing bureaucratic structure in the central regions has actually become an obstacle for regional companies in conducting international cooperation and partnerships, which has implications for sanctions and losses

Keywords: *Public Policy, Partnership, Local Revenue, Local Company.*

JEL Classification: *E24; F62; J21*

Background

The philosophy of regional autonomy is to realize regional independence in all aspects of life, which is measured through the element of Regional Original Income (Sumarajaya et al., 2020; Trisakti & Djajasinga, 2021). In the implementation of regional autonomy (Badrudin & Siregar, 2015), local governments in this case starting from the provincial government, district/city regional governments, have broad authority in developing and managing their regions and are required to be independent, especially in efforts to improve the quality of regional income. In terms of income, successful regional finance is if regional finance is able to increase regional income in a sustainable manner, in line with regional economic development. Without worsening the allocation of production

factors and a sense of justice in public financing by obtaining regional income effectively and efficiently (Brittain et al., 2019).

Regional original income is the backbone of regional financing, therefore regional financial capacity is measured by the contribution of regional original income to the total Regional Revenue and Expenditure Budget. The greater the contribution that can be made by regional revenues to the regional revenue and expenditure budget, the less dependence of regional governments on central government assistance so that regional autonomy can be realized (Ravindra et al., 2018). One of the financial benchmarks that can be used to see the readiness of a region in the implementation of autonomy is to measure the extent of its financial capacity. Meanwhile, regional financial capacity is usually measured by the size of the contribution of regional original income to the regional revenue budget.

However, in subsequent developments, among the components of regional original revenue, regional taxes and levies are the largest contributors to regions, both provinces and districts/cities, so that the assumption arises that Regional Original Revenues are only identical with local taxes and levies. The source of local revenue comes from retribution and local taxes. The sources of local revenue can be explained as follows:

Table 1. Source of Retribution 2022

No	Income Type	Target	Realization	Percent
1	Health Service Fee	2,013,248,329	1,515,185,900	75%
2	Clean Water Fee	80,194,196	-	
3	Retribution for the Use of Regional Wealth	562.815.000	562.815.000	100%
4	Parking Fees On Public Roads	55,000,000	32,500,000	59%
5	Testing Fees (KIR)	100,000,000	-	
6	Market Service Fee	246.600.000	178,547,000	72%
7	IMB levy	538,976,000	201.451.850	37%
8	Public Service Retribution	386.400.000	1.025.555.244	265%
9	Partnership Program Claim Fee	15,386.400.000	11,394,865,383	74%
10	Retribution for the Use of Regional Wealth	525,000,000	143.100.000	27%
11	Waste Service Retribution	60,000,000	149,305,000	249%
12	Telecommunication Tower Monitoring and Control Fee	105,923.991	104,889,456	99%
13	Retribution for the Use of Regional Wealth	86,385,000	77,527,938	90%
Amount		20,146,942,516	15,385,742,771	76%

Source: Observation Results (2022)

Tabel 1 Tax Sources 2022

No	Income Type	Target	Realization	Percent
1	Mining Tax C	1,650,300,000	2,108,561,665	128%
2	Restaurant Tax	345,750,000	562,039,116	163%
3	Hotel	21,000,000	34,511,337	164%
4	Street Lighting Tax (PPJ)	5,562,175,567	6,270,497,433	113%
5	PBB P2	1,750,000,000	1,565,826,908	89%
6	Board Advertising	72,500,000	153,458,000	212%
7	Swift's nest	9,000,000	8,600,000	96%
8	BPHTB	385,200,000	455,913,825	118%
9	Entertainment	2,000,000	-	
10	Underground water	7,000,000	8,090,000	116%
Amount		9,804,925.567	11,167,498,284	114%

Source: Observation Results (2022)

Currently, regional companies are partnering with the Pasangkayu Regency government in an effort to increase regional original income by looking at the huge potential of the region. The role of the government is very necessary in supporting cooperation in the form of partnerships which are very important to carry out effectiveness and efficiency. Sharing skills in collaboration is needed to build a network. Cooperation is crucial for achieving the goals that have been set, and making the public sector work more effectively. The results of the research above state that partnerships provide benefits that can affect the operating system, increase productivity, potential for local economic development, decrease training costs, and the element of profit. Another advantage is competition in changing the dynamics of life and better community relations by involving several partners, the agreement becomes more complex and the benefits are far reaching (Dereli, 2015).

(Miller Singley & Bunge, 2018) revealed that the reasons why they should partner are; to be able to achieve the goal, namely the goal of mutual welfare (economic, social welfare, and maintaining mutual security), because several parties often cannot do it individually. The reason is the limited resources (physical-geographical, social, and economic) owned by each group so that it forces each other to share their resources and collaborate to achieve common goals because each partnering party may have its own goals alone, but the most important essence is resource sharing and mutual benefit (Lane, 2017; Mkansi et al., 2019; Scheer, 2013, Nur, Cudai Andi, 2013, 2020).

Problems that have arisen in the ongoing partnership (Minshall et al., 2010; O'Regan & Oster, 2000; Regan et al., 2011), where the partnership pattern is essentially a relationship between the government as the program maker, National Owned Enterprise or BUMN, as the executor and an extension of the government and small industries as objects to be assisted. The idea is very good and prospective if implemented properly. It's just that there are indications that show that the program implementers work half-heartedly, too assuming this is their secondary business so that the results so far have not been optimal (Brown, 2011).

However, along the way, the Regional Company in Pasangkayu encountered problems. Where the Regional Company of Pasangkayu Regency whose purpose is as a source of regional income but in fact Regional Companies so far have not been able to make a significant contribution to Regional Original Revenue, in fact there are more injections of funds from the regional government than the profits earned. so that this condition becomes a

separate burden for the regional revenue and expenditure budget. In addition, the management of the Pasangkayu Regency Regional Company so far has not run in a professional, accountable and transparent manner so that in its journey Regional companies often find it difficult to develop and more fatally always lose money in their management (Basalamah & Mawardi, 2022; Leonard et al., 2020; Polii et al., 2021).

Based on this problem, since 2010 the Regional Company in Pasangkayu has been inactive until 2019. It has started to be active again in 2020 since the transition of the old Regent to the new Regent. Currently, regional companies run without capital participation, this is to encourage regional companies to cooperate with investors as a countermeasure unavailability of capital, the step taken is to partner with the private sector. The important role of regional timber companies for the government and regions is that regional companies play a role in encouraging the acceleration of local revenue for the region, regional companies play a role in accelerating the growth of the business climate and investment in the region, regional companies play a role in boosting the social economic climate and regional business actors and Regional owned enterprises (BUMDes) by way of partner with them and open distribution and marketing channels for MSME products.

Research Methods

This research includes qualitative descriptive research. The research was conducted to clearly describe what is the focus of research which only describes what is in the research place. Descriptive research aims to describe the nature of an ongoing situation at the time the research was conducted, and to examine a particular symptom. An in-depth study consisting of a unit, in order to obtain a complete picture of a particular unit in this case is the implementation of a partnership with reference to the partnership principle of regional companies in increasing local revenue in Pasangkayu, West Sulawesi, Indonesia.

To analyze the data obtained, the authors used descriptive qualitative analysis, namely analyzing several explanations or discussion descriptions based on research data obtained from interviews, observations and documentation. (Malterud, 2012) said that qualitative analysis was carried out through four stages, namely data collection, data reduction, data presentation and conclusion drawing. Furthermore, by Tjetjep Rohendi Rohidi simplified into three, namely data reduction, data presentation and drawing conclusions

Results And Discussion

Pasangkayu Regency is one of the Autonomous Regions in the province of West Sulawesi which was born during the reformation period, previously this area was still under the name Mamuju Utara which was part of the Mamuju Regency which was formed based on Law number 7 of 2003 then changed its name to Pasangkayu Regency based on Regulation No. Government Number 61 of 2017 concerning Changes in the Name of North Mamuju Regency to Pasangkayu Regency in West Sulawesi Province which was promulgated by the Minister of Law and Human Rights Yasonna H. Laoly on December 29, 2017. One of the articles reads "The name of North Mamuju Regency as an autonomous region within the province West Sulawesi was changed to Pasangkayu Regency".

The name Pasangkayu comes from the words "Vova and Sanggayu", according to the Kaili language (Central Sulawesi) the word "Vova" means a type of mangrove wood that grows on the beach or sea, and the word "Sanggayu" means one trunk or one tree (a tree). the two words when combined have the meaning of "a stick of wood" or "a mangrove tree". The initial name "Vova Sanggayu" slowly changed and was pronounced with the word Pasangkayu" and finally changed to "Pasangkayu". The name Pasangkayu is a name that has

long been known in the people of North Mamuju Regency in particular and West Sulawesi
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Province in general, which has welfare values, strengthens identity, enhances dignity, and is loaded with local wisdom.

Central Bureau of Statistics of Pasangkayu Regency, Pasangkayu in Figures 2020 page 6: Geographically, Pasangkayu Regency is located at coordinates between 40' 10" – 10 50' 12" South Latitude and 1190 25' 26" – 1190 50' 20" East Longitude from Jakarta (00 0' 0", Jakarta = 1600 48' 28" East Longitude from Green Wich). The area of Pasangkayu is in the form of a land area of 3,043.75 km². By Region boundary:

- a) In the north it is bordered by Donggala Regency, Central Sulawesi Province
- b) On the south side, it is bordered by Central Mamuju Regency, West Sulawesi Province
- c) Bordering the West with the Makassar Strait
- d) In the east it is bordered by Donggala Regency, Central Sulawesi Province.

In the economic field, Pasangkayu relies on the agricultural sector. The contribution of agriculture to the gross regional domestic product (GDP) of Pasangkayu in 2002 was recorded at Rp. 238.67 billion. This value is equivalent to 78.32 percent of the total economic activity of the RP. 304.72 billion. In the agricultural sector, plantations are the main driving force. Economic activities in the plantation sector generate no less than 195.62 billion. Pasangkayu owns about 4,100 hectares of smallholder coconut plantations. At least 4,200 farmers are employed in this plantation. Of the 4,158 trees that produce, 4,794 tons of deep coconuts are produced. The marketing area is Surabaya. The coconut is sent to the capital of East Java Province through the Seradu People's Port. The total land area is not less than 200,000 tons

Besides being suitable for plantation crops, Pasangkayu soil is also good for citrus plants. This plant grows well in the subdistricts of Pasangkayu Sarudu and Baras. The land area is 1,026,250 hectares, with the widest area of one million trees producing 94,942 tons of oranges. Samarinda, Surabaya and Manado are the main marketing partners for oranges. The resulting oranges are then shipped through the Striped Port in Mamuju Regency. Based on considerations of history, culture, customs and social factors, the people of North Mamuju Regency changed the name of North Mamuju Regency to Pasangkayu Regency. For this reason, the Pasangkayu Regional Government, in this case the Regent of Pasangkayu, sees the need for BUMD to support Regional Original Revenue. With this, the Pasangkayu Regional Government cooperates with the Pasangkayu Regional Company. Where the Regent of Pasangkayu gives the task to explore the potential of the area in Pasangkayu for regional progress and development. Alternative BUMD Management Model

According to Muryanto and Djuwityastuti (2014), alternative models for managing BUMD in order to realize good corporate governance are:

- a. The concept of non-Persero BUMD management using self-management. The authority of the local government as the authority holder can intervene in policies in a positive context related to the performance of BUMD through the supervisory board. The policy intervention is carried out to achieve the objectives of BUMD as a regional business entity that has the aim of carrying out social missions, public benefits, community welfare, and controlling the livelihoods of many people, by issuing Regional Head regulations, both Governor/Mayor/Regent regulations which substantially regulate about the strategic plan of the BUMD.
- b. The concept of managing state-owned enterprises (BUMD) can be carried out with the concept of a group company with a holding company model with several types, one of which is a programmed procedure with a combined business group, the selection of a holding company model with a programmed procedure type based on various considerations, including:

- 1) The type or character of the type of business in the local government, There are several considerations for the implementation of the programmed procedure model with a variety of business combinations, because with the program procedure model it is possible for the emergence of new types of businesses that exist in local governments or types of businesses that already exist in local governments which will later become a holding company (holding company) in accordance with the concept of the procedure. program that aims to form a new business that will serve as a holding company.
- 2) Based on business classification, In accordance with the type and characteristics of a pluralistic regional government with various kinds of potential and types of business, it is suitable to apply a combination business. This is of course to anticipate the various potentials and types of businesses that exist in the government.

Objectives and Functions of Regional Companies, The objectives and functions of regional companies according to the 2006 North Mamuju Regency regulations are:

- a. The purpose of Regional Enterprises is to participate in implementing Regional Development in general, and Regional Economic Development in particular to support and increase Regional Original Income (by being oriented to the interests of the people, peace and enthusiasm for work in Regional Companies towards a just and prosperous society.
- b. In carrying out its objectives, regional companies can cooperate in the form of business partnerships with state companies, other regional companies, cooperatives and national private companies.
- c. The function of regional companies is to try to provide public services to the community by always paying attention to business development to gain profits.

Based on the results and discussion of the partnership of Regional Owned Enterprises in an effort to increase the local revenue of districts and cities, it shows:

1. The partnership that exists between the Regional Government and Regional Companies contains three principles, namely 'equality, openness, and benefits. This principle is used as the basis so that the partnership can run well in accordance with what is expected and the goals that have been set by all partners.

2. The implementation of the partnership has gone well in accordance with the indicators described by Edward III, namely communication, resources, disposition, and bureaucratic structure. The results of the collaboration that have existed since 2020 have had a positive impact where Regional Companies, which previously did not have businesses, have now collaborated with several companies in districts and cities. The results of this collaboration have produced profits that can meet operational costs, but these profits have not been deposited into local revenue because they are still used as business capital. Cooperation efforts with other companies in Pasangkayu Regency by using capital to develop various regional potentials will continue to be carried out

3. Contribution to the implementation of partnerships between regional companies in Pasangkayu by upholding the principle of partnership in implementing partnerships with regional companies. The determinant factors that greatly affect the partnership are communication, resources, and disposition so that they need to be optimized. Meanwhile, the bureaucratic structure in the central region actually becomes an obstacle for regional companies in cooperating with companies from abroad, so that it has implications for sanctions and losses.

Conclusion

The implementation of regional company partnerships in increasing local revenue has implemented three partnership principles, namely the principle of equity, the principle of openness, and the principle of benefits. The regional government must monitor the performance of regional companies, so that the previous incident where regional companies were frozen does not happen again because currently regional companies are one of the main parts of the region's original revenue.

Regional companies must not be fixated on only doing business in two business segments, but regional companies must explore the potential of the district and city areas. So that it can generate profits which can later contribute to Regional Original Revenue. In addition, regional companies remain consistent in always supporting all efforts made by the Regional Government to increase Regional Original Income.

Finally, regional companies must be prepared to face global challenges with various changes and unexpected conditions in cooperation between foreign countries. Meanwhile, the central bureaucracy sometimes changes policy rules, and the information is disseminated too late. So that it has an impact on losses to various parties, including regionally owned companies. This is where the role of the use of technology is urgently needed, to support increasing local revenue through partnerships between companies and the government.

Acknowledgements: We would like to express our deepest gratitude to the Chancellor and Head of the Makassar State University Research Institute for granting permission to conduct research. The review team who has reviewed and encouraged to send this manuscript, to all the Proceedings Work Teams who have participated in publishing our manuscript.

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Globalization and its socio-economic consequences 2022 – University of Zilina, Faculty of Operation and Economics of Transport and Communications, Department of Economics. 22th International Scientific Conference, Proceedings ; 12th – 13th October 2022 Rajecke Teplice, Slovak Republic. First publication February 2023