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The Application of Good Governance Principles in The Management of State Owned Enterprises: A Case Study of The Alleged 2025 Pertamina Mega Corruption Scandal

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ABSTRACT
This research aims to analyze the application of good governance principles in the management of State-Owned Enterprises (BUMN), specifically PT Pertamina (Persero), and to assess the effectiveness of existing legal regulations in preventing mega-corruption practices. Indonesia, as a country of law, places the principles of transparency, accountability, responsibility, independence, and fairness as the foundation of public and state corporate governance. Although various legal instruments are available, such as Law Number 19 of 2003 concerning BUMN, the Limited Liability Company Law, and the Government Administration Law, the study shows a gap between normative provisions and management practices in the field, as reflected in the alleged mega-corruption case of PT Pertamina in 2025. The research methodology used is juridical-normative with a statutory, conceptual, and case study approach, prioritizing the analysis of legal doctrine, regulations, and court decisions as primary, secondary, and tertiary legal materials. The results of the study found that weak internal oversight systems, suboptimal audit mechanisms, political intervention, and conflicts of interest are the main factors contributing to the failure of implementing good governance principles in BUMN. This research recommends strengthening regulations, professionalizing corporate bodies, fostering a supportive legal culture, and establishing an independent oversight system to ensure transparent, accountable, and public-interest-oriented governance of state-owned enterprises. These findings are expected to serve as a basis for improving the legal framework and policies for managing state-owned enterprises in Indonesia, thereby preventing the recurrence of mega-corruption practices in the future.

INTRODUCTION

Constitutionally, Indonesia is affirmed as a state of law as stipulated in Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, which emphasizes that state power must be limited and controlled by law in order to protect the public interest and the rights of citizens. In the modern legal state (rechtstaat), law is understood not only as a formal written norm but also as a value system that guarantees accountability, justice, and responsibility in the administration of state power (Agam, 2025; Hidayah et al., 2025; Moniz, 2024). However, the principle of formal legality alone is not enough to guarantee a clean and public-oriented government, as formally legitimate governance can lose substantive

legitimacy if it is not transparent, unaccountable, and opens up space for abuse of authority. Therefore, the concept of good governance has developed as a paradigm that complements the principles of the rule of law by emphasizing the quality of governance, where transparency, accountability, participation, the rule of law, effectiveness, and responsibility are the main pillars of every public decision-making process. From the perspective of state administrative law, good governance functions as a normative instrument to control power so that every government action remains within the corridor of law and the public interest (Berendieieva et al., 2022; Hidayah et al., 2025; Juneja, 2024; Thaher, 2025).

In the Indonesian legal system, the principle of good governance is closely related to the General Principles of Good Governance (AUPB), which function as an unwritten legal norm that binds every state administrative action, even when written provisions do not explicitly govern it. Thus, good governance is not just a managerial concept or public policy but has developed into a legal standard to assess the legitimacy and accountability of government actions. The urgency of applying the principle of good governance is not limited to administrative government but also extends to the management of State-Owned Enterprises (SOEs), which have a dual character as a profit-oriented business entity as well as a state instrument in managing important production branches and controlling the lives of the people, as mandated by Article 33 of the 1945 Constitution of the Republic of Indonesia.

The dual nature of SOEs creates complex legal implications (Adebayo & Ackers, 2023). On the one hand, SOEs are subject to private law (company law) that emphasizes efficiency, professionalism, and profit. On the other hand, as managers of state assets and executors of strategic public functions, SOEs are also bound by public law principles such as accountability, transparency, and state and public supervision (da Silva & Medeiros, 2024; Rahmayanti et al., 2025). Therefore, the management of SOEs requires a stricter implementation of good governance than pure private companies (Kusumawati & Sulistiana, 2020). Normatively, the application of the principle of good governance in the management of SOEs has a strong legal basis, namely Law Number 19 of 2003 concerning SOEs, which requires the management of SOEs to be carried out professionally, transparently, and responsibly (Siregar & Nasution, 2021). This provision is strengthened by Law Number 40 of 2007 concerning Limited Liability Companies, which regulates the duties and responsibilities of directors and commissioners, including fiduciary duties and the principle of duty of care (Putri & Ramadhan, 2020), as well as various Regulations of the Minister of SOEs that specifically regulate the implementation of Good Corporate Governance (GCG) with the principles of transparency, accountability, responsibility, independence, and fairness (Hartono et al., 2024; OECD, 2024). Thus, normatively (das Sollen), the legal framework for the management of SOEs has been designed to prevent abuse of authority and corrupt practices (Ramada & Utari, 2024).

However, the existence of such comprehensive regulations does not fully guarantee the implementation of good governance of SOEs in practice. Various corruption cases involving SOEs show that there is a gap between the ideal legal norm (das Sollen) and the reality of its implementation (das Sein), indicating that the main problem is not the absence of regulation but the weak application of the principles of good governance, supervisory functions, and accountability mechanisms. This condition is clearly reflected in PT Pertamina (Persero)'s mega-corruption in 2025, which not only caused significant state losses but also shows

systemic failures in the application of good governance principles, especially in the aspects of transparency, internal supervision, management accountability, and decision-making independence. This case raises fundamental questions about the effectiveness of SOE governance regulations, the role of the state as a shareholder, and the legal accountability of directors and commissioners in carrying out the company's management and supervision functions. With state losses reaching Rp 968.5 trillion, this case proves a systemic failure closely related to the non-implementation of the General Principles of Good Governance (AUPB), especially the principles of prudence, openness, accountability, and the prohibition of abuse of authority as stipulated in Law Number 30 of 2014 concerning Government Administration.

The phenomenon of corruption in SOEs is not a stand-alone issue but part of a structural problem in state financial governance. Various academic studies show that SOEs are vulnerable to corruption due to the combination of private legal entities with public authority and large-scale management of state assets. PT Pertamina (Persero), as the largest state energy company, has a broad organizational structure and complex business activities from upstream to downstream, but the governance system that should be solid often fails to operate optimally. Empirical data shows that corruption cases in SOEs often involve actors at the level of strategic decision-making, and the resulting state losses are systemic and sustainable. Within the framework of das Sein, supervision is often an administrative formality that does not touch the substance of strategic business decisions, so potential irregularities are not detected early and only come to light after causing significant state losses. Meanwhile, normatively (das Sollen), the Indonesian legal system has provided various legal instruments to prevent and prosecute corrupt practices in SOEs, ranging from the Corruption Eradication Law, the SOE Law, to the principles of Good Corporate Governance, which have been adopted as normative standards. However, the gap between das Sollen and das Sein is increasingly evident in the Pertamina 2025 mega-corruption case, where the principle of transparency is often not applied consistently, the accountability of SOE managers is blurred, and legal accountability mechanisms often face structural and political obstacles.

The conflict between das Sein and das Sollen shows that the problem of corruption in SOEs cannot be understood solely as a violation of individual laws, but rather as a failure of legal systems and policies in building effective governance. The law is tested not only at the law enforcement stage but also at the stage of policy formulation and institutional design of SOE management. When policies open up too much discretion without adequate control, the law loses its deterrent effect against corrupt practices. Therefore, the Pertamina 2025 mega-corruption case is a crucial momentum to critically evaluate SOE management policies and the effectiveness of existing legal instruments. This research focuses not only on the assessment of the criminal liability of the perpetrators but also on the extent to which the SOE governance system has been designed and implemented in accordance with the principles of the state of law and the objectives of state asset management, so that it has academic and practical urgency in strengthening SOE governance and preventing the recurrence of massive state losses in the future.

Thus, this research is not only aimed at examining the legal accountability aspects of the Pertamina 2025 mega-corruption case, but also at critically assessing state-owned enterprise (SOE) management policies from a legal and governance perspective. This

research is expected to provide constructive recommendations for improving the legal system and SOE policies, so that future management of state assets can be more transparent, accountable, and oriented toward the public interest. The formulation of the problem in this study focuses on two main issues, namely how the regulation and implementation of good governance principles are applied in the management of State-Owned Enterprises (BUMN), particularly PT Pertamina (Persero), based on the provisions of applicable laws and regulations, and what legal measures can be taken to prevent mega-corruption from occurring in the future.

In line with these problems, this study aims to analyze the regulation and application of good governance principles in the management of BUMN, especially PT Pertamina (Persero), based on the prevailing legal framework, as well as to formulate a model for strengthening the legal framework of good governance in BUMN management as a preventive effort to avoid the recurrence of mega-corruption in the future.

METHOD

This research is a normative legal study (juridistic-normative) that positions law as a norm or rule regulating human behavior in the life of society and the state. It focuses on the study of written law, legal principles, doctrines, and relevant court decisions to identify appropriate legal rules and constructions to address research problems. In this context, a normative approach is used to examine the application of the principles of good governance in the management of SOEs, particularly PT Pertamina (Persero), by emphasizing analysis of the legal framework of SOE governance and the principles of state administrative law inherent in the management of state finances and assets. The 2025 PT Pertamina (Persero) mega-corruption case is used not as an object of empirical research but as a legal context to test the effectiveness of regulations and the application of good governance principles, making this research prescriptive and analytical in nature, aiming to provide legal arguments and normative recommendations for strengthening the legal framework for corruption prevention in SOEs.

The type of data used is secondary data, classified into three levels. Primary legal materials include the 1945 Constitution, Law Number 19 of 2003 concerning SOEs, Law Number 40 of 2007 concerning Limited Liability Companies, Law Number 17 of 2003 concerning State Finance, Law Number 1 of 2004 concerning the State Treasury, Law Number 30 of 2014 concerning Government Administration, Law Number 31 of 1999 jo. Law Number 20 of 2001 concerning the Eradication of Corruption, and Regulation of the Minister of SOEs Number PER-2/MBU/03/2023 concerning SOE Governance Guidelines. Secondary legal materials include textbooks, national and international scientific journals, previous research results, and relevant legal doctrines. Tertiary legal materials include legal dictionaries, legal encyclopedias, and laws and regulations indexes.

The data collection method is conducted through library research. The approach used is a legal principle approach, which assesses the suitability of statutory articles with the legal principles adhered to, such as the principle of the rule of law, the principle of non-discrimination, and the principle of presumption of innocence. Data analysis is carried out qualitatively by examining legal norms in laws and regulations, court decisions, and societal norms. Verification is conducted through a process of data reduction and data presentation to

answer research questions, resulting in conclusions that are valid and scientifically accountable.

RESULTS AND DISCUSSION

The Concept of Good Governance in State-Owned Enterprise Management

Indonesia, as a state based on the rule of law, places law as the primary foundation for governance and the management of state assets. The concept of a modern state based on the rule of law emphasizes not only formal legality but also demands accountable, transparent, and public-interest-oriented governance. In the development of modern administrative law, this concept has evolved through the paradigm of good governance, which emphasizes the importance of oversight, accountability, openness, and the rule of law in every action of state administrators. In the context of managing State-Owned Enterprises (SOEs), the principle of good governance is crucial because SOEs have the dual character of being both business entities and state instruments in managing production branches that are vital to the state and control the livelihoods of many people. Therefore, SOE management cannot be solely based on profit orientation but must also adhere to the principles of public accountability and responsible management of state finances.

Recent research shows that the implementation of good governance in Indonesian SOEs still faces various challenges, particularly in terms of effective oversight and independent decision-making. Governance implementation is often administrative and compliance-oriented, thus failing to fully prevent abuse of authority and corrupt practices in the management of SOEs.

Furthermore, the development of the concept of good governance in the management of SOEs is closely related to the strengthening of the state administration system and oversight of state financial management. From an administrative law perspective, the principle of good governance serves as an instrument for limiting power so that all policies and actions of SOE organs remain within the law, the principle of propriety, and the public interest. Therefore, the concept of good governance is understood not only as a managerial concept but also as a legal standard for assessing the legitimacy and accountability of SOE management.

The principles of good governance are essentially normative guidelines used to create proper governance in the administration of government and the management of state corporations. In the practice of managing SOEs, these principles are realized through the application of transparency, accountability, responsibility, independence, and fairness. These principles are known as the basic principles of Good Corporate Governance (GCG).

The principle of transparency emphasizes the openness of information and the company's decision-making process so that it can be accessed and monitored by stakeholders. Transparency is crucial in SOE management because state-owned enterprises manage state assets that are directly related to the public interest. Research on the implementation of GCG in SOEs shows that weak transparency can open up space for conflicts of interest and abuse of authority in strategic company decision-making.

The principle of accountability relates to the clarity of the functions, implementation, and accountability of company organs, ensuring effective and legally accountable corporate management. In the context of SOEs, accountability encompasses not only business responsibility but also accountability for the management of state finances.

The principle of responsibility requires that company management be conducted in accordance with statutory provisions and the principle of prudence. Meanwhile, the principle of independence requires that company management be conducted professionally without any intervention from parties that could influence the objectivity of decision-making. The principle of fairness emphasizes the fair treatment of all stakeholders, including the government, investors, workers, and the community.

In practice, various studies show that the implementation of good governance principles in SOEs still faces structural obstacles, such as weak internal oversight, conflicts of interest, and political interference in corporate decision-making. These conditions demonstrate that implementing good governance principles requires more than just the establishment of regulations; it also requires institutional commitment and a legal culture that supports sound corporate governance.

The concepts of good governance and Good Corporate Governance (GCG) are closely related but have different scopes. Good governance is a broader concept and relates to general government management, while GCG is the application of good governance principles within a corporate or company context. In the management of SOEs, these two concepts are interconnected because SOEs are business entities that also carry out public functions for the state.

The implementation of GCG in SOEs aims to create professional, efficient, transparent, and responsible company management. Regulations regarding GCG in Indonesia establish the principles of transparency, accountability, responsibility, independence, and fairness as the foundation of the state's corporate governance system. Effective GCG implementation is believed to improve company performance, strengthen public trust, and prevent corruption and abuse of authority.

Recent research shows that the implementation of GCG in SOEs has not been fully implemented substantively. Many state-owned enterprises have formal GCG guidelines, but their implementation still faces challenges in oversight, the independence of corporate bodies, and the effectiveness of internal audit mechanisms. In some SOE cases, weaknesses in GCG implementation have even been directly linked to financial statement manipulation, conflicts of interest, and significant state losses.

In the context of PT Pertamina (Persero), the implementation of GCG holds a very strategic position because the company manages the national energy sector, which is directly related to the interests of the community and the country's economic stability. Therefore, the application of good governance and GCG principles at PT Pertamina (Persero) is not only related to business efficiency but also to the state's responsibility in realizing transparent, accountable, and public-interest-oriented strategic resource management.

Legal Position and Characteristics of State-Owned Enterprises

1. The Position of State-Owned Enterprises in the National Economic System

   State-Owned Enterprises (SOEs) have a strategic position in Indonesia's national economic system because they function as state instruments in realizing general welfare as mandated in Article 33 of the 1945 Constitution of the Republic of Indonesia. In the national economic system, SOEs are not only oriented towards achieving profits (profit oriented), but also carry out public service functions and manage production branches that are important for the state and control the

livelihoods of many people. Therefore, the existence of SOEs has both an economic dimension and a constitutional dimension within the framework of the welfare state . Recent research shows that the position of SOEs in the Indonesian economic system continues to undergo transformation along with the development of economic globalization and demands for business efficiency. SOEs are required to be able to compete corporately in national and international markets, while at the same time continuing to carry out social functions and public services. This condition causes the management of SOEs to be at the intersection of state interests, business interests, and the interests of the wider community.

In addition to serving as state enterprises, state-owned enterprises (SOEs) also play a strategic role in maintaining national economic stability, encouraging infrastructure development, and supporting national energy security. In practice, SOEs are often given special assignments by the government to implement national strategic programs that do not always prioritize economic profit alone. Therefore, SOE management requires a strong governance system to ensure a balance between business and public functions.

From a state administrative law perspective, the position of state-owned enterprises (SOEs) as managers of state assets means that their management cannot be separated from the principles of public accountability and state oversight. Although most SOEs are limited liability companies, state-funded capital still positions SOEs as an instrument of government administration in the economic sector. Therefore, the application of good governance principles is crucial to maintaining a balance between corporate efficiency and public responsibility in SOE management.

2. Characteristics of State-Owned Enterprises as Public and Private Legal Entities

State-owned enterprises (SOEs) have unique legal characteristics because they occupy a dualistic position between public and private legal regimes. On the one hand, SOEs are private legal entities, specifically Limited Liability Companies (LLCs), and are therefore subject to corporate law and modern business principles. However, on the other hand, SOEs also manage state assets and perform public service functions, thus remaining bound by public law principles and state oversight. This dual nature creates complex legal implications for SOE management. As private entities, SOEs are required to implement the principles of efficiency, professionalism, and business competitiveness. However, as instruments of the state, SOEs are also obligated to implement the principles of transparency, accountability, and responsibility for the public interest. Recent research shows that the dual legal status of SOEs often creates ambiguity in defining the boundaries between business and public policy, particularly regarding legal liability for state losses.

In practice, this legal dualism also impacts the oversight mechanisms for state-owned enterprises (SOEs). Corporate oversight is conducted based on the principles of corporate law, while oversight of the use of state finances is conducted through administrative law and state financial law. As a result, SOEs often find themselves in a dilemma when making business decisions that carry the risk of state financial losses (Wijaya, 2025).

Research on state-owned enterprise governance indicates that the dual nature of SOEs is one factor contributing to the weak implementation of Good Corporate Governance (GCG). Unclear boundaries between business authority and state intervention have the potential to create conflicts of interest and open up opportunities for abuse of authority in the management of state-owned enterprises. Therefore, strengthening regulations and clarifying the legal accountability system are necessary to prevent the dual nature of SOEs' legal character from creating legal uncertainty in their management practices (Nugraha & Salim, 2025).

3. Functions and Responsibilities of State-Owned Enterprise Organs

The Board of Directors is a state-owned enterprise (BUMN) organ responsible for the management and administration of the company in accordance with the company's objectives and interests. Based on the principle of fiduciary duty, directors are required to carry out their duties in good faith, with full responsibility, and with a duty of care. In the context of BUMN, the directors' responsibilities are not only related to achieving company profits, but also encompass the management of state assets and the public interest. Recent research indicates that weak implementation of the principle of prudence and a suboptimal internal oversight system are among the causes of irregularities in BUMN management. In several cases of BUMN corruption, directors are deemed to have failed to effectively carry out their risk control and corporate accountability functions.

Furthermore, SOE directors often face political pressure and external intervention, which can impact the independence of business decision-making. This situation subsides from the application of professional principles in state-owned enterprise management and potentially opens up opportunities for conflicts of interest.

The board of commissioners' primary function is to oversee the company's management policies implemented by the board of directors. Within the state-owned enterprise (SOE) governance system, commissioners play a crucial role in ensuring that company management adheres to the principles of Good Corporate Governance (GCG), statutory provisions, and the interests of the state as a shareholder. Recent research indicates that the effectiveness of board of commissioner oversight in SOEs still faces various challenges, particularly those related to independence, professionalism, and conflicts of interest. In some SOEs, commissioners are deemed to have not yet optimally performed their oversight function due to the influence of political interests and close relationships with those in power.

The weakness of the commissioners' oversight function directly impacts the early detection of corporate governance irregularities. In the context of state-owned enterprise corruption cases, commissioners are often accused of failing to carry out their strategic oversight function regarding board policies and the company's internal control mechanisms.

In state-owned enterprises (SOEs) operating in the form of a limited liability company (Persero), the government acts as a shareholder representing the interests of the state. This position grants the government the authority to determine the direction of company policy through the General Meeting of Shareholders (GMS). However, this authority must be exercised in accordance with the principles of good corporate

governance and must not result in political intervention that would harm the company's independence. Recent research shows that government dominance in strategic decision-making in SOEs often creates conflicts between business and political interests. Excessive government intervention can affect the independence of company organs and weaken the implementation of GCG principles in SOE management.

On the other hand, the government also has a responsibility to ensure that state-owned enterprises (SOEs) are managed transparently, professionally, and accountably. Therefore, the government acts not only as a profit-oriented shareholder but also as a representative of the state, responsible for safeguarding the public interest and managing state finances responsibly.

Legal Regulations on Good Governance in State-Owned Enterprises

The regulation regarding the management of State-Owned Enterprises (SOEs) is constitutionally rooted in Article 33 of the 1945 Constitution of the Republic of Indonesia, which affirms that production sectors that are important to the state and affect the livelihoods of many people are controlled by the state. This provision serves as the philosophical and constitutional basis for the establishment and management of SOEs as a state instrument in realizing general welfare and social justice. In the context of a modern rule of law, state control over strategic sectors is not only interpreted as formal ownership but also includes the state's obligation to manage state resources and companies in an accountable, transparent, and responsible manner. Recent research shows that the principle of good governance in SOE management is closely related to the concept of economic democracy contained in Article 33 of the 1945 Constitution of the Republic of Indonesia. The state acts not only as a regulator but also as a manager and supervisor of the management of state assets separated in SOEs. Therefore, SOE governance must be directed at protecting the public interest and managing state finances effectively and free from corrupt practices.

In addition, the principle of the rule of law, as stipulated in Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, requires that all government actions and management of SOEs be carried out based on law and subject to the principles of accountability and oversight. Thus, the implementation of good governance in the management of SOEs in a constitutional manner is part of the implementation of the rule of law and economic democracy in the Indonesian constitutional system.

The main regulations regarding the management of SOEs in Indonesia are contained in Law Number 19 of 2003 concerning State-Owned Enterprises. This law emphasizes that SOE management must be carried out professionally, efficiently, transparently, and responsibly by observing the principles of Good Corporate Governance (GCG). Recent research shows that the SOE Law is a legal instrument designed to create a balance between the business functions and public service functions of SOEs. On the one hand, SOEs are required to earn profits and increase company value; on the other hand, they are obliged to carry out public benefit functions and support national economic policies. From a good governance perspective, the SOE Law regulates the division of functions and responsibilities of company organs, namely directors, commissioners, and the government as shareholders. These regulations aim to create an effective system of oversight and accountability in the management of SOEs.

However, research shows that the implementation of governance principles in the SOE Law still faces obstacles in the aspects of the independence of company organs and political intervention in strategic decision-making of SOEs.

Furthermore, the SOE Law emphasizes the importance of implementing the principles of efficiency and accountability in the management of separated state assets. In practice, these provisions serve as the legal basis for assessing the accountability of SOE managers in cases of abuse of authority or state losses due to poor corporate governance.

SOEs in the form of Limited Liability Companies (Persero) are subject to the provisions of Law Number 40 of 2007 concerning Limited Liability Companies. This law serves as the legal basis for regulating company organs, corporate governance, and accountability mechanisms for directors and commissioners. In the context of SOEs, the implementation of the Limited Liability Companies Law aims to ensure that SOEs are managed based on the principles of professionalism and modern corporate governance.

Recent research shows that the Limited Liability Companies Law plays a crucial role in implementing GCG principles through regulations regarding fiduciary duty, duty of care, and the principle of prudence in corporate management. Directors are required to manage the company in good faith and with full responsibility, while commissioners are obligated to oversee corporate management policies. Furthermore, the provisions regarding the responsibilities of directors and commissioners in the Limited Liability Companies Law are an important legal instrument to prevent abuse of authority in the management of SOEs. Research shows that weak implementation of the principle of prudence and suboptimal oversight by commissioners are often factors that lead to deviations in SOE governance. In practice, the application of the Limited Liability Companies Law to SOEs also faces challenges due to the dual legal character of SOEs as both private legal entities and state instruments. This condition means that SOE management cannot be fully equated with ordinary private companies because they remain bound by the principles of public accountability and state financial management.

Law Number 30 of 2014 concerning Government Administration is crucial for the implementation of good governance in the management of SOEs, particularly regarding the exercise of authority by public officials and the management of policies related to state finances. This law regulates the General Principles of Good Governance (AUPB), which include the principles of legal certainty, benefit, impartiality, accuracy, openness, and accountability. Recent research indicates that the implementation of AUPB in SOE management is crucial because SOEs not only carry out business functions but also implement state policies in strategic sectors. Therefore, every action and policy in SOE management must remain subject to the principles of good government administration.

From an administrative law perspective, the State Administration Law also serves as an instrument to prevent abuse of authority in the management of SOEs. Provisions prohibiting abuse of authority and requiring careful action serve as the normative basis for assessing the actions of officials or corporate bodies managing state assets. Furthermore, research shows that the implementation of the principles of transparency and accountability in the State Administration Law remains suboptimal in SOE management practices. Weak administrative oversight and ineffective accountability mechanisms often result in irregularities only being uncovered after they have caused significant state losses.

The implementation of Good Corporate Governance (GCG) in SOEs is regulated through various technical regulations, including the Minister of SOEs Regulation, which establishes the principles of state-owned enterprise governance. This regulation places transparency, accountability, responsibility, independence, and fairness as fundamental principles in SOE management. Recent research shows that GCG regulations in SOEs aim to foster professional corporate governance free from corruption, collusion, and nepotism. GCG implementation is also considered crucial for enhancing public trust and maintaining the sustainability of SOEs.

In practice, various SOEs have established GCG guidelines and internal oversight systems. However, research shows that GCG implementation often remains an administrative formality and has not yet been fully implemented substantively. Weaknesses in the independence of commissioners, the effectiveness of internal audits, and risk control remain key issues in SOE governance. Furthermore, the implementation of GCG in SOEs also faces challenges in the form of political interference and conflicts of interest in strategic corporate decision-making. This situation demonstrates that strengthening regulations alone is not enough; it must be accompanied by strengthening legal culture, professionalism of company organs, and an independent oversight system to ensure the effective implementation of good governance principles in SOE management.

Implementation of Good Governance Principles at PT Pertamina (Persero)

The principle of transparency in Good Corporate Governance (GCG) requires open information, a clear decision-making process, and adequate access to information for stakeholders. In the context of PT Pertamina (Persero), the principle of transparency is realized through the provision of annual reports, financial statements, publication of company information, and a digital corporate governance system that is accessible to the public and relevant stakeholders. Recent research shows that PT Pertamina has developed a Governance, Risk, and Compliance (GRC) system as part of strengthening the company's transparency and internal oversight. Research on the implementation of GCG at PT Pertamina shows that transparency has been implemented through the mechanism of publishing company reports and disclosing information regarding company policies. However, this implementation is considered not fully optimal because obstacles remain in the transparency of strategic decision-making and public access to oversight of certain business activities. From the perspective of SOE governance law, weak transparency has the potential to open up space for conflicts of interest and abuse of authority in the management of SOEs. Recent research related to the case of PT Pertamina Patra Niaga shows that the lack of optimal transparency in strategic company policy-making can result in state losses and reduce public trust in state-owned enterprises.

Furthermore, transparency in SOE management extends beyond the disclosure of financial information to business processes, procurement of goods and services, and decision-making by directors and commissioners. Therefore, implementing transparency principles at PT Pertamina is crucial for preventing corruption and strengthening accountability in SOE management.

The principle of accountability emphasizes clarity of function, implementation of duties, and accountability of company organs so that company management can be carried

out effectively and legally. In PT Pertamina (Persero), accountability is implemented through a clear division of duties between directors, commissioners, and shareholders, as well as through the company's internal and external audit mechanisms. Recent research shows that accountability at PT Pertamina has been realized through the financial reporting system, company performance evaluation, and supervision of corporate policy implementation. However, the effectiveness of accountability still faces obstacles in internal supervision and the consistency of accountability for strategic decision-making.

In practice, accountability in SOE governance is closely linked to the legal responsibility of company organs for the management of separated state finances. Therefore, directors and commissioners of PT Pertamina are required to carry out their management and supervisory functions professionally, with due care, and in accordance with fiduciary duties. Failure to implement this principle can result in legal implications, including administrative, civil, and criminal liability. Research also shows that weak accountability in SOE management is often related to suboptimal internal control mechanisms and ineffective company audit systems, which can lead to irregularities only being uncovered after causing significant state losses.

The principle of responsibility requires that company management be carried out in accordance with statutory provisions, the principle of prudence, and corporate social responsibility (CSR). At PT Pertamina (Persero), responsibility is realized through compliance with energy sector regulations, the implementation of CSR programs, and the enforcement of the company's internal control system. Recent research shows that PT Pertamina has implemented various legal compliance and risk management policies as part of corporate governance under the responsibility principle. Furthermore, the company runs CSR programs aimed at community empowerment and sustainable development. However, the implementation of responsibility in SOE management still faces challenges, particularly in ensuring consistent compliance with regulations and corporate ethical standards. Research on Pertamina's governance indicates that deviations in strategic business decision-making can occur when prudence and legal compliance are not optimally applied. From the perspective of administrative law and corporate law, the responsibility principle is an important basis for assessing whether company organs have carried out their obligations professionally and in accordance with the objectives of SOE management. Therefore, implementing the responsibility principle at PT Pertamina plays a strategic role in maintaining the company's sustainability and preventing abuse of authority in the management of the national energy sector.

The principle of independence requires that company management be conducted professionally without conflicts of interest or intervention from parties that could affect the objectivity of decision-making. In PT Pertamina (Persero), independence is a critical principle because the company operates in a strategic sector closely tied to the country's economic and political policies. Recent research shows that independence in SOEs, including PT Pertamina, still faces challenges from political intervention, conflicts of interest, and external influences on the decision-making of directors and commissioners, resulting in suboptimal independence of company organs. In practice, independence is also closely linked to the effectiveness of the supervisory function of the board of commissioners and the company's internal audit. Weak independence reduces oversight of board policies and potentially opens up room for

abuse of authority. Research on GCG implementation at PT Pertamina shows that strengthening the independence of commissioners and the internal audit system is crucial for creating healthy corporate governance free from conflicts of interest. Moreover, independence in SOE management protects business decision-making from being influenced by short-term political interests. Strengthening the principle of independence is therefore an essential part of governance reform at PT Pertamina as a strategic state-owned company.

The principle of fairness requires the equitable treatment of all stakeholders, including the government, investors, workers, consumers, and the public. At PT Pertamina (Persero), fairness is realized through the protection of shareholder rights, an open recruitment system, and non-discriminatory service to the community and business partners. Recent research shows that fairness is closely related to the creation of a healthy and professional corporate culture. The implementation of fairness at PT Pertamina is also connected to transparent and merit-based human resource management. However, in practice, the principle of fairness still faces challenges, such as conflicts of interest, preferential treatment of certain parties, and unequal access to corporate decision-making. Research on corporate governance indicates that weak fairness can lead to public distrust and reduce the legitimacy of SOEs. From a good governance perspective, fairness is not only about internal corporate justice but also concerns protecting the public interest as the primary owner of state assets managed by SOEs. Therefore, implementing the fairness principle at PT Pertamina is part of the state's responsibility to ensure that energy sector management is carried out fairly, transparently, and in the interest of the wider community.

Analysis of the Failure of Good Governance Implementation in the Alleged Mega-Corruption Case at PT Pertamina (Persero) in 2025

1. Weaknesses of Internal Control System

   The internal oversight system is one of the main instruments in implementing good governance principles in the management of state-owned enterprises (SOEs). Within the framework of Good Corporate Governance (GCG), internal oversight aims to ensure that all company activities are carried out in accordance with the principles of accountability, transparency, legal compliance, and risk management. At PT Pertamina (Persero), the internal oversight function is normatively carried out through an internal supervisory unit, an audit committee, and the company's risk control mechanism. However, the PT Pertamina mega-corruption case in 2025 demonstrated a systemic failure in the implementation of this oversight function. Recent research indicates that weaknesses in internal oversight in SOEs generally occur because oversight is only administrative and unable to detect deviations from strategic policies from the early stages of decision-making. In the context of Pertamina, the large state losses reaching hundreds of trillions of rupiah indicate that the irregularities occurred in a structured manner and persisted for a considerable period of time without being effectively detected by the company's internal control system.

   Legally, the failure of internal oversight contradicts the provisions of Article 66 of Law Number 19 of 2003 concerning State-Owned Enterprises and the duty of care principle in Law Number 40 of 2007 concerning Limited Liability Companies. Directors and commissioners should carry out their risk control and corporate

oversight functions professionally to prevent state losses due to abuse of authority. A review of previous decisions in SOE corruption cases shows a similar pattern. In the Supreme Court's decision in the PT Asuransi Jiwasraya corruption case, the panel of judges assessed that the weakness of the internal oversight system and investment controls were the main factors in the occurrence of large state losses. The decision emphasized that the failure of internal oversight can be the basis for legal accountability for directors and parties involved in company decision-making . Thus, the Pertamina 2025 mega-corruption case demonstrates that the existence of a normative internal oversight system is insufficient if it is not accompanied by the implementation of effective, independent, and adequate risk management-based controls.

2. Weaknesses of External Supervision

In addition to internal oversight, the implementation of good governance in state-owned enterprises (SOEs) also requires effective external oversight through technical ministries, state auditors, the Supreme Audit Agency (BPK), and law enforcement agencies. In practice, external oversight of SOEs often suffers from weaknesses due to its administrative, formalistic nature, and its inability to address the substance of strategic business decision-making in state-owned enterprises. Recent research indicates that weak coordination between oversight institutions is one factor that makes it difficult to detect early deviations in SOE governance. In the 2025 PT Pertamina mega-corruption case, the failure of external oversight was evident in the suboptimal detection of abuse of authority and conflicts of interest in the management of the national energy business. From a state administrative law perspective, external oversight should be a control instrument for the use of authority and management of state finances. Provisions regarding this oversight are normatively regulated in Law Number 17 of 2003 concerning State Finance and Law Number 1 of 2004 concerning State Treasury. However, the practice of oversight of SOEs often faces structural and political obstacles that prevent the oversight function from functioning optimally. A similar case was also seen in the Corruption Court's ruling in the PT Garuda Indonesia aircraft procurement case involving the company's former directors. In the ruling, the judges determined that weak external oversight and an ineffective audit function contributed to corporate policy deviations that were detrimental to the state. This situation indicates that external oversight of state-owned enterprises (SOEs) has not fully fulfilled its preventive function in preventing mega-corruption. Therefore, strengthening the independence of supervisory institutions and a risk-based audit system are crucial requirements for SOE governance reform.

3. Abuse of Authority and Conflict of Interest

Abuse of power and conflicts of interest are among the main failures in the implementation of good governance principles in the management of state-owned enterprises. In the context of PT Pertamina (Persero), the 2025 mega-corruption case indicated allegations of the use of corporate authority for specific interests that contradict the principles of independence, professionalism, and the public interest. Recent research shows that conflicts of interest in SOE management often occur due to strong political intervention and patronage relationships in the strategic decision-

making process of state-owned enterprises . This condition causes business decisions to no longer be based on the principle of prudence and the interests of the company, but rather are influenced by the interests of certain groups. Normatively, abuse of authority is prohibited in Article 17 of Law Number 30 of 2014 concerning State Administration. In criminal law on corruption, abuse of authority that is detrimental to state finances is also regulated in Article 3 of the Corruption Eradication Law. Therefore, the use of the position and authority of directors or SOE officials for specific interests can give rise to criminal and administrative liability. A review of the PT Pelindo II corruption case involving the procurement of Quay Container Cranes shows that conflicts of interest and abuse of authority in the procurement process were the primary factors contributing to the state losses. The court ruling in the case confirmed that non-independent and self-interested decision-making contravenes the principles of good corporate governance.

Thus, the Pertamina 2025 mega-corruption case shows that weak conflict of interest control and the ineffectiveness of the company's organ independence mechanisms are factors that increase the potential for abuse of authority in the management of SOEs.

4. Weak Accountability and Legal Responsibility

The principle of accountability in good governance requires that every decision-making and use of authority in the management of state-owned enterprises (SOEs) be legally and administratively accountable. In the 2025 PT Pertamina mega-corruption case, weak accountability was evident in the suboptimal accountability mechanisms of directors, commissioners, and parties involved in the company's strategic decision-making. Recent research shows that weak accountability in SOEs is often related to unclear boundaries of responsibility between company organs and the government as shareholder. This condition makes legal liability for state losses unclear and difficult to determine firmly. From a corporate law perspective, directors are obliged to carry out company management in good faith and with full responsibility as stipulated in the Limited Liability Company Law. Commissioners are also responsible for overseeing board policies. If company organs neglect their obligations, resulting in state losses, they can be held legally accountable through civil and criminal proceedings. The Supreme Court's ruling in the PT Asabri corruption case shows that directors and related parties can be held criminally accountable for failures in managing company investments that cause significant state financial losses. The ruling demonstrates that weak corporate accountability and oversight can be a major factor in systemic corruption in state-owned enterprises. In the context of Pertamina, weak accountability also indicates that the implementation of good governance principles is still not being implemented substantively. Audit and accountability mechanisms, which should serve as control instruments, have failed to detect irregularities early.

5. The Gap between Das Sollen and Das Sein in State-Owned Enterprise Management

Normatively (das sollen), the Indonesian legal system has regulated various legal instruments to ensure that the management of state-owned enterprises (SOEs) runs according to the principles of good governance. These regulations are reflected

in the SOE Law, the Limited Liability Company Law, the State Administration Law, and various regulations concerning Good Corporate Governance in SOEs. All of these regulations emphasize the importance of transparency, accountability, independence, and professionalism in the management of state-owned enterprises. However, in empirical practice (das sein), the mega-corruption case of PT Pertamina in 2025 shows that the existence of comprehensive regulations has not been fully able to prevent large-scale corruption. Recent research shows that the main problem with SOE governance lies not in the lack of regulations, but in weak legal implementation, organizational culture, and corporate oversight systems.

The gap between das sollen and das sein shows that the implementation of good governance in state-owned enterprises (SOEs) still tends to be formalistic and administrative. Corporate governance principles are often used merely as instruments to comply with regulations without substantive implementation in business decision-making. A similar phenomenon was also seen in various previous SOE corruption cases, such as Jiwasraya and Asabri, where corporate governance regulations were actually in place but not effectively implemented in company management practices. Therefore, the Pertamina 2025 mega-corruption case is evidence that strengthening SOE governance is not sufficient through merely establishing regulations, but also requires reform of the supervisory system, legal culture, and the independence of company organs so that good governance principles can be effectively implemented in the management of state assets.

Legal Efforts to Prevent Mega-Corruption in State-Owned Enterprises

1. Evaluation of the Legal Framework for State-Owned Enterprise Management
   a. Weaknesses of State-Owned Enterprise Governance Regulations

      Normatively, Indonesia has various legal instruments governing the governance of State-Owned Enterprises (SOEs), including Law Number 19 of 2003 concerning SOEs, Law Number 40 of 2007 concerning Limited Liability Companies, Law Number 17 of 2003 concerning State Finances, and various SOE Ministerial Regulations concerning the implementation of Good Corporate Governance (GCG). These regulations essentially place the principles of transparency, accountability, independence, and professionalism as the foundation for SOE management. However, various major corruption cases within SOEs demonstrate that this legal framework still has substantive and structural weaknesses. Recent research indicates that one of the main weaknesses in SOE governance regulations lies in the unclear boundaries between SOEs' public and private functions. The dual status of SOEs as both business entities and state instruments creates an unclear system of oversight and legal accountability. This condition leads to inconsistent oversight of the management of separated state finances and has the potential to open up space for abuse of authority. Furthermore, research on SOE governance shows that GCG regulations in SOEs are still sector-specific and scattered across various provisions that have not been systematically integrated. As a result, the implementation of governance principles often relies on internal company policies without a strong normative oversight mechanism. From

a legal perspective, weaknesses in governance regulations are also evident in the case of PT Asuransi Jiwasraya. Supreme Court Decision No. 2931 K/Pid.Sus/2021 shows that weak regulation and oversight of state-owned enterprise investments have left directors with extensive discretion without effective risk management. This contributed to significant state losses. The PT Garuda Indonesia case concerning financial report manipulation also highlights regulatory weaknesses in ensuring transparency and accountability in SOE corporations. Recent research shows that although regulations regarding information disclosure are in place, enforcement mechanisms for violations of GCG principles remain ineffective in practice. Therefore, legal efforts to prevent mega-corruption in SOEs require more comprehensive regulatory reform, particularly regarding the harmonization of governance arrangements, strengthening the oversight system, and affirming the legal accountability of state-owned enterprise organs.

b. Good Governance Principles

The main problem in managing state-owned enterprises (SOEs) lies not only in the regulatory aspect, but also in the weak implementation of good governance principles in state-owned enterprises. Recent research shows that many SOEs have GCG guidelines, internal audit systems, and whistleblowing mechanisms, but their implementation tends to be formalistic and administrative.

In this context, the principles of transparency, accountability, and independence are often only fulfilled procedurally without being substantively implemented in the company's strategic decision-making process. Research by Saptono and Purwanto (2025) shows that the ineffectiveness of GCG in preventing corruption in state-owned enterprises is influenced by organizational communication factors, weak supervisory resources, bureaucratic culture, and internal conflicts of interest within the company. The PT Timah case in 2024 is a clear illustration of the failure to implement GCG principles in a strategic sector state-owned enterprise. Recent research on this case shows that corruption and governance irregularities occurred due to the weak implementation of the principles of transparency, internal supervision, and corporate risk management controls.

From a corporate law perspective, the failure of GCG implementation is also closely related to the suboptimal implementation of fiduciary duty and duty of care by directors and commissioners as stipulated in the Limited Liability Company Law. Recent research on the role of commissioners in GCG implementation confirms that commissioners often fail to carry out their oversight function independently and effectively due to external intervention and internal company conflicts of interest. From a legal perspective, this condition is evident in Supreme Court Decision Number 1215 K/Pid.Sus/2019 in the PT Pelindo II case, where the panel of judges assessed that non-independent decision-making and weak oversight by commissioners were factors that increased the potential for corruption in the procurement process of goods and services of state-owned enterprises. Therefore, legal efforts to prevent future mega-corruption are not sufficient only through the establishment of new regulations, but must also be directed at strengthening the

implementation of good governance principles substantively by increasing the independence of company organs, the effectiveness of internal supervision, and an anti-corruption legal culture within the BUMN environment.

c. Obstacles to Supervision and Law Enforcement

Supervision and law enforcement are crucial elements in ensuring the effective implementation of good governance principles in state-owned enterprises. However, various studies have shown that oversight of state-owned enterprises still faces structural, normative, and political obstacles, preventing the oversight function of state-owned enterprises from functioning optimally. Recent research indicates that one of the main obstacles to oversight of state-owned enterprises is the overlapping authority between internal corporate oversight bodies, the Ministry of State-Owned Enterprises, the Supreme Audit Agency (BPK), the Financial Services Authority (OJK), and law enforcement officials. This situation renders the oversight system ineffective and often administrative in nature.

Furthermore, the shift in state asset management paradigms in the latest SOE policy also raises legal issues regarding the scope of state oversight of SOEs. Research on SOE governance models following Law No. 1 of 2025 indicates a tendency to strengthen corporate autonomy, potentially weakening public oversight of the management of separated state assets.

In law enforcement practice, obstacles also arise due to the complexity of proving corporate corruption cases in state-owned enterprises. The position of state-owned enterprises as business entities is often used to distinguish business losses (business judgment) from criminal acts of corruption, making it difficult to determine the legal liability of company directors and officials. The cases of PT Asabri and PT Jiwasraya demonstrate that the law enforcement process for corruption in state-owned enterprises requires a lengthy period due to the complex financial transactions and numerous strategic actors involved. In Supreme Court Decision No. 1177 K/Pid.Sus/2022 in the PT Asabri case, the judge emphasized that state losses in the management of state-owned enterprise investments can still be classified as criminal corruption even if committed through the company's business mechanisms. Recent research also shows that weak protection of the whistleblowing system is one of the factors hampering the early detection of corrupt practices within state-owned enterprises.

Therefore, legal efforts to prevent mega-corruption in state-owned enterprises must be directed at strengthening the integrated supervisory system, harmonizing the authority between supervisory institutions, optimizing the protection of whistleblowers, and reforming corporate law enforcement so that the principles of good governance can be implemented effectively and sustainably in the management of state-owned enterprises.

1. Strengthening State-Owned Enterprises Governance Based on Good Governance

a. Strengthening the Principles of Transparency and Accountability

Strengthening the principles of transparency and accountability is a fundamental step in preventing mega-corruption in State-Owned Enterprises

(SOEs). From a good governance perspective, transparency demands openness of information and corporate decision-making processes, while accountability emphasizes clear accountability for every use of authority and management of state finances. Normatively, these principles are regulated in Law Number 19 of 2003 concerning SOEs, Law Number 40 of 2007 concerning Limited Liability Companies, and various SOE Ministerial Regulations concerning the implementation of Good Corporate Governance (GCG). Recent research indicates that strengthening transparency in SOEs needs to be directed at the disclosure of financial information, procurement of goods and services, and strategic decision-making processes within state-owned enterprises. The implementation of digital-based transparency and an integrated reporting system is considered capable of reducing the scope for financial report manipulation and conflicts of interest in SOE management. Furthermore, strengthening accountability must also be carried out by affirming the accountability of directors, commissioners, and state shareholders in company management. Recent research on indications of financial report fraud in SOEs shows that weak governance and low audit quality are closely related to the increased risk of fraud in state-owned enterprises. From a legal perspective, strengthening the principles of transparency and accountability is closely related to the directors' obligation to fulfill their fiduciary duty and duty of care, as stipulated in Article 97 of the Limited Liability Company Law. Directors who fail to fulfill these obligations may be held legally accountable if their negligence results in losses to the state or the company.

The PT Garuda Indonesia case, involving the manipulation of financial reports, is an example of the failure to implement the principles of transparency and accountability in state-owned enterprises. In this case, the company's financial reports were deemed not to reflect the actual financial condition, thereby misleading the public and shareholders. The verdict and sanctions imposed by the capital market authorities demonstrate that information transparency is a crucial element in maintaining the integrity of state-owned enterprise governance. Furthermore, various public responses to SOE management also demonstrate that the public is increasingly demanding transparency and accountability in the management of state assets. Public discourse regarding independent oversight of SOE asset management demonstrates that transparency is viewed as a key instrument in maintaining the legitimacy of state-owned enterprise management. Therefore, strengthening the principles of transparency and accountability must be directed not only at fulfilling administrative requirements but also at establishing a SOE management system that is open, publicly monitored, and has a clear legal accountability mechanism.

b. Strengthening the Independence of State-Owned Enterprise Organs

The principle of independence in good governance requires that state-owned enterprise (SOE) organs, particularly directors and commissioners, carry out their management and oversight functions professionally without political interference or conflicts of interest. In the practice of SOE management in Indonesia, the independence of company organs remains a fundamental issue because the

appointment of directors and commissioners is often influenced by political interests and patronage relationships. Recent research shows that the weak independence of SOE organs results in the ineffectiveness of the supervisory function of commissioners and opens up room for external intervention in strategic decision-making at state-owned enterprises.

From a corporate law perspective, the independence of directors and commissioners is a crucial requirement to ensure that corporate policies are based on the company's best interests and the principle of prudence. Provisions regarding this independence are reflected in the GCG principles stipulated in Minister of State-Owned Enterprises Regulation No. PER-2/MBU/03/2023. This regulation emphasizes the importance of strengthening the function of independent commissioners, audit committees, and controlling conflicts of interest in the governance of state-owned enterprises.

A legal review of the PT Pelindo II corruption case shows that the company's weak decision-making independence was a major factor in the irregularities in the procurement of goods and services. In Supreme Court Decision No. 1215 K/Pid.Sus/2019, the judges determined that the influence of certain parties on company policy resulted in the procurement process being less than objective and causing losses to state finances.

Furthermore, recent research also shows that commissioner independence is closely linked to the effectiveness of good governance implementation in state-owned enterprises. Independent commissioners are considered more capable of carrying out their oversight function over directors and preventing conflicts of interest in the management of state-owned enterprises.

Therefore, legal efforts to strengthen the independence of state-owned enterprise organs need to be directed at reforming the mechanism for appointing directors and commissioners based on a merit system, limiting political intervention in corporate decision-making, and strengthening regulations on conflicts of interest in state-owned enterprise governance.

c. Strengthening Internal and External Monitoring Systems

Internal and external oversight are crucial instruments in preventing abuse of authority and corrupt practices in state-owned enterprises. Normatively, internal oversight is conducted through internal supervisory units, audit committees, and corporate risk management, while external oversight is carried out by the Ministry of State-Owned Enterprises, the Supreme Audit Agency (BPK), the Financial Services Authority (OJK), and law enforcement agencies. Recent research indicates that weak internal and external oversight is a key cause of systemic corruption in state-owned enterprises. Lack of independence in internal audits and weak coordination between oversight bodies make it difficult to detect deviations from company strategic policies early.

From a state administrative law perspective, supervision of state-owned enterprises (SOEs) constitutes a form of state control over the management of separated state assets. Therefore, strengthening the oversight system should be directed at increasing the effectiveness of the internal audit function, harmonizing

the authority of supervisory institutions, and optimizing the whistleblowing system Recent research on the impact of the whistleblowing system on fraud prevention in SOEs indicates that an effective whistleblowing system can strengthen early detection of corrupt practices and enhance a corporate culture of integrity.

A legal review of the PT Asuransi Jiwasraya and PT Asabri cases shows that weak internal oversight and ineffective corporate audit systems were the primary factors contributing to the substantial state losses. In Supreme Court Decisions No. 2931 K/Pid.Sus/2021 and No. 1177 K/Pid.Sus/2022, the panel of judges emphasized that the failure of the corporate oversight system can form the basis for legal liability for directors and other parties involved in the management of state-owned enterprises.

Thus, strengthening the internal and external supervisory systems must be carried out through the establishment of a risk-based supervisory system, increasing the independence of internal auditors, and integrating supervision between state institutions so that control over SOEs can run effectively and sustainably.

d. Strengthening Audit and Risk Management Mechanisms

Audits and risk management are crucial elements in implementing good governance in state-owned enterprises. Audits ensure regulatory compliance and the integrity of a company's financial statements, while risk management aims to identify and control potential irregularities that could harm the company and the state. Recent research indicates that strengthening internal audits and risk control systems significantly impacts the effectiveness of GCG implementation in state-owned enterprises. Independent, risk-based internal audits are considered capable of increasing transparency and strengthening the accountability of state-owned enterprises. Furthermore, recent regulations regarding state-owned enterprises emphasize the importance of implementing an integrated risk management system through the establishment of a risk management unit and the implementation of Enterprise Risk Management (ERM). Research on the application of the COSO ERM framework in state-owned enterprises indicates that a risk-based approach can improve the effectiveness of oversight of strategic company policies and strengthen compliance with GCG principles.

From a legal perspective, the obligation to implement audits and risk management is closely related to the prudential principle and the obligation to manage companies professionally, as stipulated in the Limited Liability Company Law. Failure to implement adequate audit and risk control systems can result in legal liability if it results in losses to the state or the company. The PT Timah case in 2024 demonstrated that weak risk controls and ineffective internal audits can lead to systemic and ongoing deviations in state-owned enterprise governance. Recent research on this case demonstrates that strengthening the risk-based audit system is an urgent need for governance reform in strategic SOE sectors.

Thus, strengthening audit and risk management mechanisms must be directed at implementing technology-based audits, increasing the independence of

internal and external auditors, strengthening the company's risk control system, and integrating risk management into every strategic decision-making process of SOEs.

CONCLUSION

The principles of good governance in the management of State-Owned Enterprises (SOEs) have a fairly comprehensive legal basis through the 1945 Constitution of the Republic of Indonesia, Law Number 19 of 2003 concerning SOEs, Law Number 40 of 2007 concerning Limited Liability Companies, Law Number 30 of 2014 concerning Government Administration, and various regulations concerning Good Corporate Governance (GCG). These regulations stipulate the principles of transparency, accountability, responsibility, independence, and fairness in the management of SOEs.

However, the implementation of good governance principles at PT Pertamina (Persero) has not been optimal. The 2025 mega-corruption case at PT Pertamina (Persero) demonstrated weak internal and external oversight, abuse of authority, conflicts of interest, and weak accountability and legal responsibility within SOEs. These conditions reveal a gap between normative provisions (das Sollen) and SOE management practices (das Sein).

Legal efforts to prevent mega-corruption in SOEs need to be implemented through governance reform and strengthening the SOE legal framework. These steps include enhancing good governance regulations, strengthening anti-corruption compliance systems, increasing transparency and digitizing SOE management, and establishing an early warning system for governance irregularities. Furthermore, strengthening internal and external oversight functions, optimizing audits and risk management, and affirming the legal accountability of directors, commissioners, and the government as shareholders need to be consistently implemented. Thus, the effective implementation of good governance principles is expected to strengthen SOE governance and prevent the recurrence of mega-corruption in the future.

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