

# BUMN Privatization Has Not Impacted Public Welfare Yet

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The privatization of state-owned enterprises (BUMN) is expected to drive the implementation and realization of economic democracy in Indonesia as an effort to increase people's welfare. In addition, privatization can also enhance the company value. Nevertheless, the impact of privatization on the public welfare is not yet optimal. It is due to the motive of privatization that emphasizes the need to meet the State Budget deficit rather than corporate interests.

The statement was delivered by former Minister of State Enterprises, Dr. Sugiharto, MBA, in a Seminar and Book Review *BUMN Privatization Policy: Appreciation of the Late Prof. Dr. Mas'ud Machfoed, MBA, Ak.*, held at Masters Science and Doctorate Building of Faculty of Economics and Business, Universitas Gadjah Mada (UGM), Saturday (1/5).

The privatization which is not yet optimal in improving people's welfare, according to Sugiharto, is indicated by the increased level of unemployment after the privatization. In connection with this problem, he proposed increasing the partnership program conducted by the enterprises to provide labor and work opportunities through partnerships and community development funds or BUMN corporate social responsibility.

This doctoral graduate of UGM Graduate School said that there was an increased contribution of enterprises to the state before and after privatization, namely increased tax collection, dividends, and investments. Nevertheless, the privatization in Indonesia is still less varied and adopts one method only, which is through the sale of shares to state companies. In fact, the privatization around the world, other than through stock sales, can also be conducted through the joint operation (KSO), joint ventures and management contracts. "It is particularly important to reorganize those enterprises to make them more efficient and effective. They are grouped in five categories, namely stand alone, merger or consolidation, holding, divestment, and liquidation," he added. He agreed that privatization remains to be put as a strategy in BUMN transformation. Privatization is actually a corporate action to further improve efficiency, cut down bureaucracy, improve performance and innovation, and ability to compete.

Meanwhile, the lecturer of Faculty of Economics, University of Indonesia, Dr. Dewi Hanggraeni, SE, MBA, said the privatization in the industry whose policies are still dominated by the government tends not to have a positive impact on the company performance. In her opinion, prior to the privatization, the government should ensure that the enterprise has good corporate governance, so, after privatization it will generate optimum revenues for the government with the high price of shares in the primary market.

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